

THE AWARD-WINNING INDEPENDENT: EDITOR OF THE YEAR, CORRESPONDENT OF THE YEAR



No 3,878

28

THE INDEPENDENT

WEDNESDAY 24 MARCH 1999

1150p 45p

BUSINESS REVIEW

THE STAGECOACH KID GROWS UP THE CYBERPUNKS FROM YAHOO! PLUS NEWS, ANALYSIS, INVESTMENT ADVICE

Defiant Serbs torch villages as Europe braces itself for war

KOSOVO WAS where the 20th century's final cycle of Balkan wars began. Now Kosovo is where they will end, not with a peace agreement but, surely now, with the first attack by Nato on a sovereign state in its 50-year history – and, if the worst comes to the worst, with the first major European land war since 1945.

Last night, as Serb forces continued to sack Albanian villages, the final realistic chance of averting allied airstrikes against Yugoslav targets vanished as first President Slobodan Milosevic, and then the Serbian parliament, rejected demands for a ceasefire and the deployment of a Nato-led international peacekeeping force in the Serbian province.

In further confirmation that war might be at hand, Yevgeny Primakov, the Russian Prime Minister, cancelled a visit to the United States which was due to start last night. The onslaught, which the White House said would be "swift and substantial", could be unleashed as soon as early today.

In a grim interview as he left Belgrade for Brussels to report back to Nato, the US envoy, Richard Holbrooke, made no bones of the failure of his last-ditch mission. The circumstances, he declared, were "the bleakest" he had known in his experience of negotiating in the Balkans.

That experience began in 1995, when Mr Holbrooke took the Bosnia crisis in hand, browbeating Mr Milosevic and the other protagonists to the conference table in Dayton, Ohio, and secured a peace which has turned Bosnia into a virtual Nato protectorate. Alas, Kosovo was omitted then. Four years on it has turned into perhaps the gravest Balkan conflict of all.

Mr Holbrooke said that yesterday's talks had been a "watershed moment", after nearly a year of unavailing Western efforts to broker a settlement between ethnic Albanians and Serbs. The Yugoslav President did not want even to discuss either the ceasefire or the foreign peacekeeping force, and "fully understood" the consequences of that refusal, he added. In other words, the time for talking has run out.

That, too, was the message from Western capitals. In the Commons, Tony Blair warned that 65,000 more Kosovars had been driven from their homes by the Serb offensive. The West had made a solemn promise to the ethnic Albanians, and would not permit a new humanitarian disaster in Kosovo. Nor would it tolerate

BY RUPERT CORNWELL

erate further repression by Belgrade that would probably drag Albania, Macedonia and Bosnia – perhaps Greece and Turkey, too – into "disintegration, chaos and disorder on the doorstep of the European Union".

Later, the Prime Minister even more plainly donned the mantle of commander-in-chief, addressing "those British pilots who may be called into action, their families... all those people who are part of the armed forces... I would not ask them to undertake this if I did not believe it was necessary".

In Washington, the mood was equally sombre. Congressional

almost mocking intransigence, earlier wavers in the alliance – such as Italy, Germany and Greece – seem to have thrown their weight, however reluctantly, behind airstrikes.

"Nato is now united and prepared to carry out its warning," President Clinton said. "If President Milosevic is not willing to make peace, we are willing to limit his ability to make war."

The threat has been heard a dozen times; this time, however, it rang true – perhaps explaining why the Yugoslav leader yesterday sacked his army's security chief. Analysts saw the step as continuation of a purge of senior officers opposed to a confrontation with the West.

Last night, the main political factor staying Nato's hand disappeared when Mr Primakov, leader of the country which is Belgrade's staunchest ally and categorically opposed to Nato airstrikes, called off his US visit. To have launched attacks at the very moment that Mr Primakov was in the Oval Office would have been an insult which even the present state of the US's relations with its former superpower rival would hardly justify.

Otherwise, military preparations are virtually complete. The hope now is that one crushing blow against key military installations will suffice to convince President Milosevic to change his mind and accept the international peacekeepers.

If not, matters could quickly escalate, even to the point where a Nato ground invasion – something the allies have vowed they will never do – was the only option left. That is a nightmare scenario which no leader in the alliance has yet publicly confronted, but was implicit in the warning of one Nato defence minister visiting London yesterday: "Kosovo is not Bosnia. It needs a political solution, a military solution does not exist."

But in the end, that solution will be up to Mr Milosevic. In 1987, as an ambitious younger member of the Serbian Communist Party's central committee, he went to Kosovo, the spiritual cradle of Serbia, and made the speech that launched today's Serbian nationalism. Two years later he stripped Kosovo, and the 90 per cent ethnic Albanian majority of its population, of its autonomy. By then, Croatia, Slovenia and Bosnia had read the Serb writing on the wall, and left Yugoslavia. But Kosovo, where it all started, remained a tightly controlled part of Serbia. Now, in the last Balkan war, Serbia may lose even its heart.

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leaders of both parties rallied behind President Bill Clinton's call for support for military action. The sense was that airstrikes were all but inevitable.

On the ground, all seemed set for war. As Yugoslavia and Serb forces confirmed the offensive in the Drenica valley in the north of Kosovo – a strategy which had prompted speculation that the Yugoslav president was staking out the ground for a partition of the province – an ominous calm descended on the capital, Pristina, to the south.

After a spate of bombings, Serb police rampages and tit-for-tat killings, the city was deadly quiet. Tightening the vice, the Yugoslav authorities also closed the southern border, thus preventing Albanians fleeing to Macedonia.

The real question last night was when the air attacks might start. Faced with the fresh tide of refugees and Mr Milosevic's

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A Serb policeman in the Drenica region of Kosovo during clashes with Albanian rebels yesterday Srdjan Ilic/AP

'We're waiting for the bombs'

BY EMMA DALY

in Pristina

WAR CAME to the capital of Kosovo yesterday for the first time since the conflict began in the rolling hills a year ago, as Serb police surrounded Albanian neighbourhoods, smashed down doors in search of weapons and beat any men unlucky enough to be found.

Pristina was crawling with armed police. We decided to drive north. A few miles away, we spotted houses ablaze on the hillside and stopped, just as 50-odd dispirited army vehicles rolled by. A soldier in a black mask, atop an armoured personnel carrier, flashed us the three-fingered Serb salute. He was all smiles. But then a car screeched to a halt and out jumped a civilian armed with a Kalashnikov. "It's OK," we said, as calmly as possible. "We're journalists." He inspected our Yugoslav press cards, and then waved us on.

Fear is not confined to the Albanian population in Kosovo. The Serb minority lives here in terror of the KLA. But most of the victims are Albanian. The red-tiled houses on the southern edge of Pristina were emptying fast as families left, carrying back-packs and plastic bags, to the sound of artillery booming to the west.

But Mustafa Pacoli lay under a blanket, unable to move after a visit from the police. He is 82.

"They hit him on the head with that," his daughter Sevdije said, pointing to a small wooden table. "They were shouting, 'Where are your sons? Where is your gun? Your sons are in the KLA'."

Back in Pristina, two Serb policemen killed by the Albanians were buried. "The situation is explosive, everyone is waiting for the [Nato] bombing," said Malis Gashi, at the funeral of Arjanit Kelmendi, an Albanian killed in a retaliatory attack on a cafe.

"When the Serbs leave a place they always destroy it first... I'm afraid they will do it in Kosovo."

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THE INDEPENDENT ABROAD

Australia	6.90 AS	Ireland	13.20
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Denmark	10.80 PTY	Japan	10.11
Finland	12.50 CS	Malta	0.50
France	12.20 F	Netherlands	1.20
Germany	12.20 D	New Zealand	2.50
Hungary	21.00 DK	Norway	2.50
Iceland	11.00 F	Portugal	2.50
Ireland	11.00 F	Spain	2.50
Italy	16.80 IT	Sweden	3.70
Japan	12.00 JPY	Switzerland	3.50
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Labour bans
poll criticismsBY ANDREW GRICE
Political Editor

TONY BLAIR was engulfed in a new row over "control freakery" last night after the Labour leadership decided that candidates who complained about the running of internal party elections could be disqualified.

Labour's ruling National Executive Committee (NEC) agreed to bring in a new code of conduct for party elections to prevent disputes over their handling becoming public.

The move comes after allegations that running totals of how votes were being cast in last year's elections to the NEC, and the recent battle to become Labour's leader in Wales, were leaked to national party bosses during the ballot, enabling pro-Blair candidates to maximise their votes.

Four left-wing members of the NEC voted against the reforms. Liz Davies, one of the four, said: "There are several stipulations which are wholly

unnecessary restrictions on the democratic rights of Labour Party members. This is part of the drive to silence dissent."

The left-wingers also criticised the NEC's decision yesterday to suspend the constituency party in Newark, Nottinghamshire, after the conviction last week of Fiona Jones for making false declarations on her general election expenses.

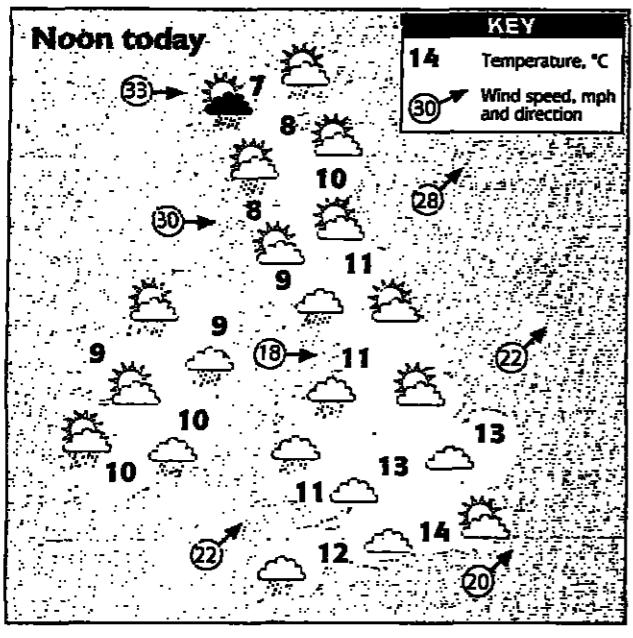
Mark Seddon, a left-wing NEC member, said: "It is not a good idea to close down the Newark Labour Party. The whistleblowers should not be disciplined."

But Vic Hall, secretary of the Newark Labour Party until its suspension, said: "This is the news we were waiting for. It means the party can move forward and mount an effective campaign in the elections."



Chris Milford abseiling in the nave at St Mary and the Virgin church in Marden, Gloucestershire. He and a colleague, Norman Stanier, from the firm Wallwalkers, are to repaint the interior, parts of which date to Norman times PA

BRITAIN TODAY



FORECAST

General situation: Northern England, Wales and south-west England will be mild but mostly cloudy with outbreaks of rain, including some heavier showers over the hills. The Midlands, East Anglia and south-east England will be mostly dry and mild with some bright spells. The best chance of rain will be further east. Overnight rain will clear southern Scotland to leave all of Scotland and Northern Ireland with a blustery mix of sunshine and showers, the showers most frequent in the west.

London, SE & East England, E Anglia, Midlands, E England: Mild and cloudy with some light showers. A moderate south-westerly wind. Max temp 13-14C (55-57F).

NW England, Wales, Lake Dist., Isle of Man: Mostly cloudy with rain moving in, heaviest on hills. A moderate south-westerly wind. Max temp 11-14C (52-55F).

Chained Is., SW England: Increasingly cloudy with patchy light rain. A moderate south-westerly wind. Max temp 11-14C (52-57F).

Cent N & NE England: A few sunny spells at first but cloud will increase bringing some rain. A fresh south-westerly wind. Max temp 11-14C (52-55F).

NW & NE Scotland, Aberdeenshire, N Islets: Any overnight rain will become concentrated in the hills. Other areas will be dry with some blustery showers. A strong west to south-westerly wind. Max temp 7-10C (45-54F).

SE & SW Scotland, Edinburgh, Glasgow, W Islets: Early rain will clear to leave sunny spells and showers, the showers most frequent in the west. A fresh west to south-westerly wind. Max temp 9-12C (48-54F).

N Ireland: Early rain will clear to leave sunny spells and blustery showers. A fresh west to south-westerly wind. Max temp 9-11C (48-52F).

OUTLOOK

Scotland and Northern Ireland will be cool and windy with sharp showers. Central and south-eastern England will have rain but elsewhere it will gradually brighten up. A cold but sunny start will spread across Scotland and Northern Ireland on Friday, other areas will also clear over.

TRAVEL

London: A12 Green Man Roundabout, Cheltenham: Closed due to roadworks in progress. Diversions in place. Until 1st June. M1: M6 junction 18-19, Major Roadworks on A4040, M6 junction 18-19, Major Roadworks, various lane restrictions. Until 1st August.

Derbyshire: A3 Between Derby Southern Bypass and A38, Shadow Road roundabout, Derby. Closed. Work for road and carriageway. Until 23rd April.

South Yorkshire: M1 Between J34 Tinsley Viaduct and J35, A6180, Sheffield. (A6180) Sheffield, Cammoway is reduced to two lanes southbound. Until 21st November 2000.

Gloucestershire: A40 Lansdown Rd.

LIGHTING UP

Belfast 6.44pm to 6.15am
Birmingham 6.27pm to 5.59am
Bristol 6.29pm to 6.03am
Glasgow 6.20pm to 5.53am
London 6.20pm to 5.53am
Manchester 6.29pm to 6.01am
Newcastle 6.27pm to 5.51am

High tides
AM HT PM HT

Aberdeen 11.53 11.2

Cork 10.27 3.9 10.58 3.8

Devonport 10.32 4.7 10.25 4.7

Dover 10.25 4.2 10.06 4.2

Dun Laoghaire 4.25 3.7 5.05 3.8

Falmouth 10.03 4.5 10.29 4.5

Grovesend 4.52 3.3 5.27 3.1

Harrow 11.14 3.3 11.48 3.4

Holme Pierrepont 2.45 2.9 3.39 2.9

Hull (Albert Dk) 11.00 7.8 11.33 7.8

Kings Lynn 11.07 5.7 11.45 5.4

Leeds 7.26 4.9 8.02 4.9

Liverpool 3.41 8.2 4.17 8.2

Madison Haven 10.03 4.9 10.36 5.1

Portland 11.27 1.5 11.44 1.5

Poole 4.00 4.3 4.37 4.2

Plymouth 12.33 4.2 11.0 4.0

Southampton 9.35 5.0 10.3 5.0

Stockport 3.57 3.0 4.33 3.0

Height measured in metres

KEY: 14 Temperature, °C
20 Wind speed, mph and direction

10 Noon today

11 Forecast

12 Sun

13 Cloud

14 Rain

15 Wind

16 Sun

17 Cloud

18 Rain

19 Wind

20 Sun

21 Cloud

22 Rain

23 Wind

24 Sun

25 Cloud

26 Rain

27 Wind

28 Sun

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Straw ready to water down Lawrence report proposals

BY IAN BURRELL
Home Affairs Correspondent

THE HOME Secretary, Jack Straw, said yesterday that he was taking "personal responsibility" for building an anti-racist society by implementing most of the recommendations of the Macpherson Report into the racist murder of black teenager Stephen Lawrence.

But Mr Straw will have disappointed the inquiry team by raising objections to several of its key suggestions.

In particular, Mr Straw expressed "serious reservations" over the recommendation to consider prosecuting for racist language in the home.

The Home Secretary will personally chair a steering group, which will include representatives of police and ethnic organisations, which will be driving through a raft of measures called for in the Macpherson Report.

A feasibility study has been ordered into the setting up of a new independent complaints system to investigate complaints made against police officers by members of the public.

Police officers will also be subject to disciplinary proceedings where they are found to have used racist words or

committed racist acts. Police are to be made subject to the Race Relations Act as a Government priority, making chief constables legally responsible for the actions of their officers.

The Home Secretary accepted Macpherson's wider definition of a racist incident - where any interested party considers that there was a racial element to what took place - and said this would be universally adopted by police and other agencies.

Mr Straw said he was anxious that, unlike Lord Scarman's report inner city riots in 1981, the Macpherson report should be a platform for "real practical change". "The trouble with Scarman was that it was seen as a bolt-on extra, and it didn't become infused into the police service or its culture," said Mr Straw.

But the Macpherson team is likely to be disappointed by the Home Secretary's inclusion of a series of caveats.

Although Mr Straw has promised to include policing in new Freedom of Information legislation, he wishes to exclude details relating to informers, investigations and prosecutions.

The Home Secretary is committed to disciplining police officers found to be responsible for racist words or actions, but said that dismissal in such cases could not "be applied in a generalised way because each case must be decided on its merits".

He also said that Macpherson's suggestion that retired police officers should be liable to being disciplined for up to five years after retirement "needs further consideration".

Mr Straw's Action Plan will be debated in the House of Commons next Monday.

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Corner stones of history a 'myth'

BY ROGER DOBSON

ONE OF the most famous odysseys of prehistoric man may never have happened.

For more than 70 years, the popular theory surrounding the building of Stonehenge has been that the key bluestones were transported by land and sea on a journey from the Preseli mountains in south-west Wales to Wiltshire.

Geologists and archaeologists have long supported the 216-mile epic-trek theory, despite the Herculean effort that would have been involved in moving 80 stones, each weighing around four tons, with little more than muscle-power.

But according to a book being published next week by one of the foremost authorities on stone circles, the epic trek almost certainly never happened.

The stones may well have been taken from Wales to Wiltshire, but it was ice-age glaciers that carried the rock, rather than prehistoric man. The builders of Stonehenge, about 4,600 years ago, simply used what had become local stone.

Aubrey Burl, an archaeologist who has studied stone circles for more than 30 years, rejects the idea that the Welsh stones were chosen because of their magical powers, and says there is irrefutable evidence that the same kind of Welsh stone was on Salisbury Plain



Dawn over Stonehenge. An archaeologist says that glaciers, rather than man, carried the four-ton stones 216 miles to Wiltshire. Kippa Matthews

before Stonehenge was built. He also lists evidence in the Yale University Press book, *Great Stone Circles*, of glacial deposits - known as erratics - of the Welsh stone along a line between Preseli and Wiltshire.

Stonehenge is made up of two types of stone, sarsens from the

Avebury area 18 miles north of Stonehenge, and a mix of dolerites (bluestones) from the Preseli mountains. It was the geologist Herbert Thomas who in 1923 linked the bluestones with the Carn Mein ridge of the Preseli mountains. "Since that time it has been popularly accepted

that the stones could only have reached Salisbury Plain by human effort," Mr Burl said.

But he added that research showed that prehistoric societies did not move massive blocks from any great distance. "When there was convenient stone they used stone. When

there was not they used timber or earth," he said.

At Stonehenge, "the discoverers [of the stones] may have ambitiously planned a concentric circle for the 83 holes, but when the last bluestone was unearthed and the countryside

[and] the scheme was modified into a less impressive single circle of about 57 stones. Even in the golden age of prehistory there could be blunders, and Stonehenge was no exception." □ *Great Stone Circles*, published next week by Yale University Press, £19.95.

GPs targeted in drive to curb costly drugs

FAMILY DOCTORS who dispense expensive brand-name drugs are to be targeted in a drive that could save the NHS £26m a year.

Ministers are considering radical reforms to the way GPs dispense the medicines as part of a wider review to cut profiteering by pharmaceutical companies. The Department of Health review follows research showing health authorities could wipe out their drug budget deficits if more generic medicines were prescribed instead of branded drugs. Generic drugs are often just as effective as brand names but GPs are bombarded with marketing and gifts from big pharmaceutical companies.

BY PAUL WAUGH
Political Correspondent

The Government has already set a target of 72 per cent of all drugs to be dispensed as generic by 2002 but ministers are concerned that urgent action is needed to reach the figure. Had generic drugs been prescribed in the NHS last year in place of branded versions, £26m would have been saved, all but wiping out the £50m per cent of the cost of the drugs they prescribe.

Critics say the doctors, who often work in rural areas, bank the income or spend it employing locums to cut their workload and "spend more time on the golf course". On average, more than 74 per cent of drugs prescribed by dispensing GPs are branded.

simultaneously selling them at high prices to GPs and pharmacies.

Once a hospital consultant has put a patient on the drug, GPs are pressed to keep them on the same medication, allowing pharmaceutical firms to make huge profits. The difference in price between a hospital and community surgery can

be dramatic. One month's prescription of the diuretic Frumil can cost 20p per patient in hospital compared to 56.20 when prescribed by a GP.

Peter Bradley, Labour MP for The Wrekin, will raise the "scandal" of branded drugs in an adjournment debate in the House of Commons today. "These two scams, the dis-

pensing GPs' nice little earnings and the hospital-led prescribing, are costing the NHS £56m a year," he said last night.

"Every penny wasted on branded drugs is a penny which should be spent on health care. The money saved would pay for 4,000 nurses' salaries or allow us to abolish dental charges in England."

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Family convicted over £3m 'fraud factory'

BY PETER BEAL

TEN MEMBERS of a family were convicted yesterday of setting up a "fraud factory" aimed at netting almost £3m in false injury and benefit claims.

The ringleader, Mohammed Sharif, 58, faced six road accidents so family members could make false claims against insurance companies. Preston Crown Court heard.

Two daughters, Yasmin Sharif, 25, and Parveen Sharif, 30, were each twice recorded as victims of "accidents" in six months involving cars driven by their father. Other family members used false names to pose as independent witnesses.

One of Sharif's sons, Zulfiqar, 28, pretended for 15 years to have been left in a persistent

curiosity and the Criminal Injuries Compensation Board.

They were estimated to have been paid £230,000 in false claims, £211,000 of which was transferred to banks in Pakistan the day after their arrests in 1996. The total amount of claims was £2.8m.

The judge, Mrs Justice Steel, remanded Sharif in custody for sentence in May. The others were given bail. The judge warned all of them they faced jail sentences.

"The offence is quite exceptional in the scope and the scale of the blatant dishonesty and cheating which was practised on the various agencies defrauded in this case," she said.

Anger
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little or subject to
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We can supply every
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posals

THE Home Secretary has called for "real" action that it extra, and ed into the culture," ion from is sted by the inclusion of straw has policies in information on each other's in negotiations. Mr Straw's Action Plan be debated in the House of Commons next Monday.

Anger as the Opera House goes private for a season

BY DAVID LISTER
Arts News Editor



Victor Hochhauser: Hired to promote ballet season

THE ROYAL Opera House has engaged a commercial promoter to stage a season by the Royal Ballet in the new lottery-funded opera house, *The Independent* has learned.

He also said that there are now officers should be held being disciplined for up to two years after retirement, after further consideration.

Mr Straw's Action Plan will be debated in the House of Commons next Monday.

This means that hundreds of thousands of pounds from ticket sales are likely to go to the promoter rather than back into the coffers of the publicly funded institution.

Last night the Lottery Promotion Company, which monitors how lottery money is being spent, reacted angrily to the move. Its political consultant, Geoffrey O'Connell, said: "It's outrageous. The lottery was not set up to fund venture capitalism. It was meant to go to good causes."

The Royal Ballet summer season in July next year will be presented by the experienced dance and music promoter, Victor Hochhauser, as the ROH says it cannot afford to put it on. Profits from the season are expected to be large.

Most of the Royal Ballet's stars, including Sylvie Guillem, Darcey Bussell and Irek Mukhamedov, should be available, and full houses are likely.

The decision has been authorised by the Royal Opera House's new executive director, Michael Kaiser, who joined the ROH from running a ballet company in New York.

It is not unusual for private promoters to present the Royal Ballet abroad or in other British venues. But it is unprecedented for one to present the company in its own home.

The new opera house has benefited from £78.5m of national lottery money. And from next month the taxpayers' annual contribution to the Royal Opera House will go up from a grant of £13.3m to £16m, rising to £20m by April 2000.

One Royal Opera House source, who did not wish to be named, said: "We are probably talking about hundreds of thousands of pounds of profit here. If Victor Hochhauser can do it, then why on earth can the Royal Opera House not do it? It's the Royal Ballet's own house, the place which the public has funded. This is backdoor privatisation."

Victor Hochhauser said yesterday: "I suppose this is unprecedented, but, of course, I have promoted them elsewhere. I don't know if this will become a trend. I certainly hope it will."

A Royal Opera House spokeswoman said: "It's unusual, and it does look slightly bizarre to end up with Victor promoting the Royal Ballet in its own house. But the situation when Antonio was 13.

has come about because we are doing a limited season because of the financial difficulties we have had. Our season officially ends in May and the Hochhausers [Victor and his wife and business partner, Lilian] were very keen to promote us in London. Of course, they are not just doing it for love. But as we could not afford to put the company on, the situation is strange but logical."

The spokeswoman refused to divulge any details of the contract between the Royal Opera House and Victor Hochhauser. But the normal deal for private promoters is to pay a one-off fee and then to take all, or a large percentage, of the box office profits.

It has not yet been decided which ballets will be performed, but ROH sources said they are certain to be popular works playing to big audiences.

The Royal Opera House is expected to announce today the appointment of the conductor Antonio Pappano to succeed Sir Bernard Haitink as music director in 2002. Pappano, 39, was born in London. Since 1992 he has been music director of La Monnaie Opera House, Brussels. His most acclaimed recordings are a Puccini series for EMI. Sir Colin Southgate, former head of EMI, is chairman of the ROH.

One of Pappano's successes was to conduct opera's glamour couple, Angela Gheorghiu and Roberto Alagna, through a series of recordings. Before Brussels, Pappano held posts at New York City Opera, Barcelona, Chicago and Frankfurt. He was brought up in Pimlico, London, but the family emigrated to the US when Antonio was 13.



Royal Ballet star Sylvie Guillem, dancing here at the Sadler's Wells Theatre, is one of the attractions the ROH hopes will pull in the crowds

Laurie Lewis

London faces TB epidemic as drugs fail

BY JEREMY LAURANCE
Health Editor

At least 50 people a week are falling victim to the disease in London and cases have doubled in the past decade. Experts said that the growth in cases in London mirrored that in New York before its outbreak a decade ago, which affected 2,000 and cost more than \$1bn (£965m) to control.

The white death, so called because of the deadly pallor of its victims, kills more people worldwide than Aids or malaria - two to three million a year - and the emergence of drug-resistant strains has increased the threat.

There are 6,500 cases of tuberculosis in the UK each year, and one in 20 shows signs of drug resistance. Most patients can be cured with a cocktail of cheap antibiotics, taken for six months, costing about £50. But about 100 patients in Britain have developed multi-drug resistance. In them the disease takes years to treat and costs at least £50,000.

To mark World TB day today international experts warned that the emergence of multi-drug resistant tuberculosis posed one of the greatest threats to global health and called for urgent action to curb its growth. In Russia, an estimated 100,000 are infected with resistant strains, most of them prisoners, because of the country's collapsing health system. Asia is also badly hit.

The International Union against Tuberculosis and Lung Diseases, based in Paris, said: "If we wait a year or two more, multi-drug resistant tuberculosis may well become the principal epidemic of the next decade, spreading beyond Russia and Asia into Western Europe."

In Britain, Dr Peter Davies, a consultant chest physician in Liverpool and secretary of TB Alert, a charity to be launched today, said the number of cases in Britain had risen sharply between 1987 and 1993, and the increase had been sustained since. London cases were mirroring the situation in New York a decade ago. "The graph showing the increase in cases overlaps. The rise in TB in Britain has been sustained for the last six years because the disease is out of control worldwide," he said.

Tuberculosis is a stubborn bacterium which requires six months of treatment to eradicate. Poor countries could not afford sufficient drugs and patients often failed to finish the course, encouraging the development of resistant strains.

Girl dragged to death in bus door incident

BY BRIAN FARMER

lowing the bus. Bus driver Toni Johnson, 32, of Peterborough, was treated for shock.

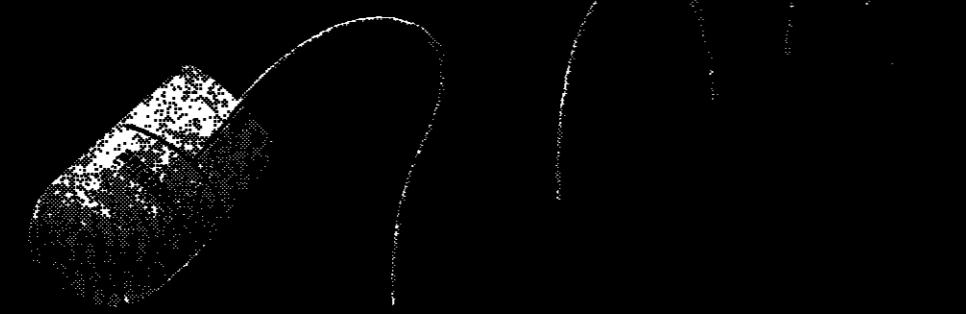
Sarah Nelson suffered severe head injuries, being dragged several yards after she climbed off the bus near her home in Farce, near Peterborough, Cambridgeshire, yesterday. She died in hospital.

Police said they would be talking to the five other passengers on the bus. They also wanted to trace the driver of a taxi thought to have been following the bus. Bus driver Toni Johnson, 32, of Peterborough, was treated for shock.

Jim Simpson, operations manager, for bus company Stagecoach Viscount said their single-decker minibus would be checked for mechanical faults.

Special prayers were said for Sarah at Stanground College in Peterborough, where she was a "bright and intelligent" Year 10 pupil.

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SHAKESPEARE IN LOVE

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Otters to be tempted back to the river Thames

A PROJECT to tempt otters back to the Thames was launched yesterday by Sir David Attenborough, the wildlife broadcaster, and Michael Meacher, the Environment minister, who posed with two tame otters near Maidenhead in Berkshire.

It is hoped that by improving the riverside habitat and water quality, the three-year, £170,000 scheme will encourage the mammals to return to the river and its tributaries in Surrey, Berkshire, Buckinghamshire and Oxfordshire.

Wild otters were last resident in the Thames region in the 1970s, before intensive agricultural pesticides and damage to their habitat led to their decline.

Signs of otters have been found in the area in recent years, suggesting that a small number of transient otters are seeking territories in the Thames region.

Local people will be involved in recovery efforts and in raising awareness of the plight of the otter.

Sir David said: "The otter is

BY LINUS GREGORIADIS
one of our most enchanting animals. Everyone will benefit if we succeed in this. It is a chance for us to put right some of the damage done to our wildlife."

Between the late 1950s and the 1970s otters were brought to the verge of extinction by a mixture of hunting, pollution and encroachment on their environment by expanding towns.

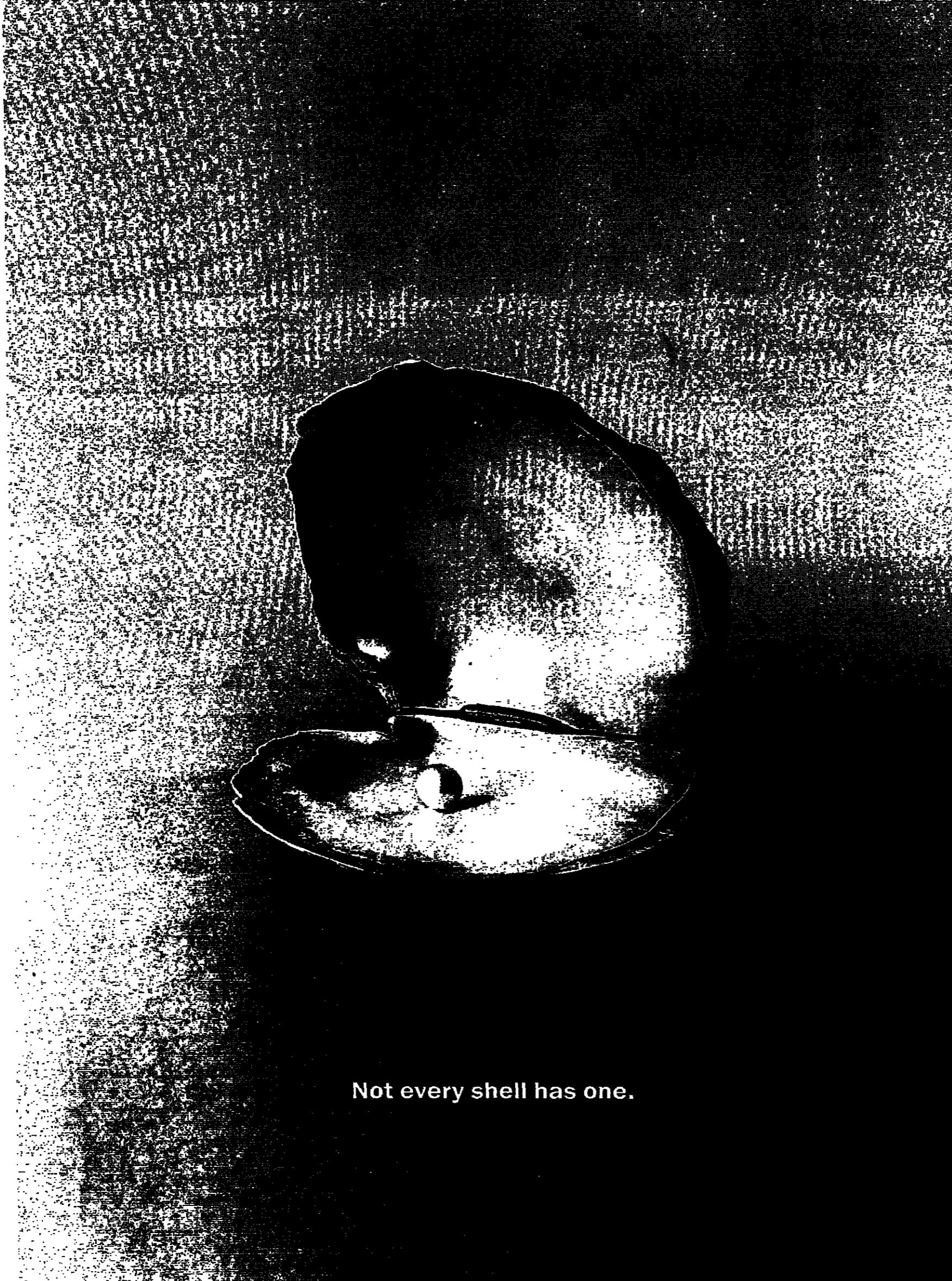
Contamination by agricultural pesticides and fertilisers was pinpointed as one of the main causes of the decline, causing fish stocks in rivers to dwindle and starving otters from their natural habitat.

Conservation efforts over the past 20 years have seen the British otter's fortunes restored, with numbers reaching 3,000. The Government has pledged to reintroduce the otter to all its pre-1960 habitats by 2010.

The scheme is part of the National Otter Biodiversity Action Plan, which was launched last summer.



Sir David Attenborough holds an otter at the launch of a campaign to counteract pollution and restore the animals to their former riverside habitat Dylan Martinez/Reuters



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Spending watchdog attacks IT 'chaos'

THE IMMIGRATION service was reprimanded by the Government's spending watchdog yesterday over a computer system which has sunk the department into chaos.

A "too ambitious" £77m private contract to install the system at the Immigration and Nationality Directorate (IND) has led to months of delays for thousands of applicants, including international business people, foreigners living in the UK and individuals requiring work permits.

The National Audit Office (NAO) said in a report that government departments should carefully consider whether such computer projects were achievable, even where prospective suppliers made enthusiastic bids for the work.

The immigration department's computer project is already lagging 14 months behind schedule and is unlikely to be fully operational until next year.

The delay, which has been exacerbated by the problems of relocating the IND's offices in Croydon, has infuriated the Home Secretary, Jack Straw, who told MPs this week that he "deeply regretted" the deterioration in the immigration service. He said the problem was the greatest managerial challenge faced by the Home Office.

Mr Straw, who visited the IND yesterday, has told the private contractor, Siemens Business Services, to draw up a plan to deal with the delays.

The aim of the Siemens project, which was agreed in 1996, was to switch from a paper-based to a computer-based system to speed up decisions on immigration and asylum cases.

The IND employs 1,400 and spends £67m a year dealing with 400,000 cases.

BY IAN BURRELL
Home Affairs Correspondent

The NAO report found that problems with the computer project began after it was decided to abandon plans to use existing information technology packages and instead introduce tailor-made software. This meant that the introduction date was put back to June 1999.

The report warned that there could be more problems if the timetable slipped further because most of the limited software in use by the directorate was not year-2000 compliant.

Sir John Bourne, head of the NAO, said: "There are many examples of bespoke projects such as this one which in retrospect can be seen to have been too ambitious, despite there having been enthusiastic bids for the work from prospective suppliers."

David Davis, chairman of the Commons Public Accounts Committee, said the IND was in "chaos". He criticised the decision taken by the Immigration minister, Mike O'Brien, to move offices, implement business changes and complete the computer project at the same time.

He said: "Whilst there has been a substantial transfer of risk to the contractor, ultimately, if the project is delivered late, or not at all, the taxpayer will foot the bill."

The problems come as the Immigration and Asylum Bill is going through Parliament, with proposals for the biggest shake-up in the immigration system for decades, involving an overhaul in the organisation and working methods of the IND.

However, if the IT project is successful, it will bring substantial savings, the report said.

IN BRIEF

Toll road victory claimed

THE BUILDERS of Britain's planned first tolls motorway claimed victory in the Court of Appeal yesterday over campaigners trying to stop the Birmingham Northern Relief Road. Tom Smith, managing director of Midland Expressway Ltd, said court rejection of an appeal by the campaigners removed the final obstacle to construction.

Third pupil dies from meningitis

A THIRD pupil from the same school has died from meningitis in 15 months. The teenager, who attended Notre Dame High School, Liverpool, died yesterday. Health officials said the schoolgirl's death was an isolated case. Pupils boycotted classes at the school after the deaths of Michelle Fleming, 14, and Kelly King, December 1997 and January 1998.

Second test tube baby at 55

A WOMAN who lied to doctors about her age to become Britain's oldest test tube mother three years ago has had a second child at 55. Pauline Lyon, from March, Cambridgeshire, gave birth to a boy at Hinchingbrooke Hospital in Huntingdon on Monday. She gave birth to a daughter, Lauren, a month before her 52nd birthday.

Chocoholics get taste for reading

A NEW magazine was launched yesterday devoted to chocolate. *Chocolate Magazine*'s editor said Britons were the world's second largest purchasers of chocolate - after Switzerland - and the journal would cater to that interest.

هذا من الأصل

It's military action - but don't mention the word 'war'

DECLARATIONS OF war have become almost commonplace these days, a routine so familiar in its language that you need to remind yourself exactly what it is you are listening to. Mr Blair, for example, had not been in office for two years and yet he has twice had to perform the gravest task that can fall upon a Prime Minister - that of sending troops to attack a foreign state. It helps that nobody uses the word 'war', naturally, or feels the need for any solemn inauguration of hostilities.

Mr Blair's statement yesterday on Kosovo had its moments of Churchillian apostrophe, it's true,

moments when his deliberate cadences were aimed at a national audience, but the fact that he talked always of "military action" inevitably took the sting out of his words. Military action sounds reassuringly like a one off, an in-and-out operation, and it is crucially qualified by its adjective, which will reassure most people watching the evening news that this has little to do with them. War might conceivably involve us all, "military action" is something performed somewhere else by trained professionals.

Mr Blair needed to warn people that this would not be a bloodless

engagement so he did, coming as close to saying that troops would die as any politician could in such circumstances. He needed also to describe his objective in such a way that opposition sceptics couldn't secure a bridgehead, and he did that too, declaring that the aim of NATO air strikes would be to "curb continued Serbian repression in Kosovo".

What he couldn't concede was that these objectives are virtually impossible to achieve from the air, with surgical strikes on Serbian military capability.

Mr Hague began by offering his support in the ritual manner (quick

THE SKETCH



THOMAS SUTCLIFFE

genuflection to courage and dedication of the armed forces, brief execration of the dictator in question, matching solemnity of tone). But

the support was heavily qualified. The Conservatives he said, would back bombs but not boots - there should be no ground troops used.

Labour backbenchers muttered unhappily at this reservation but the anxiety was shared by others, and most flamboyantly expressed by the Sir Peter Tapsell (Con, Louth and Hornscliffe). "Using weasel words to the British public is very wrong," he spluttered, as he outlined his conviction that British blood would inevitably be split in the Balkans. For the first time Mr Blair looked heated as, finger jabbing, he repeated the terms of engagement.

"Tell the country the price of your

policy!" shouted back Sir Peter thus forming a slightly startling cross-bench alliance with the Labour Party long-standing Cassandras, Tam Dalyell and Tony Benn. True to form, the latter managed to convey the sense that the gravest element of this crisis was the Prime Minister's constitutional impotence in not allowing the House of Commons to debate the matter first. Alice Mahon (Lab, Halifax) did the sceptics' cause no favours either, with a tremulous insistence that dialogue was preferable to force, a remark that drew disbelieving mutters from disillusioned veterans of Rambouillet.

They will want to fight theirs on the ground.

Bombing 'will aid Balkan stability'

KOSOVO

BY SARAH SCHAEFER
Political Reporter

TONY BLAIR faced dissent from all sides yesterday when he told the Commons that Britain was ready to help in Nato air strikes on Serbia to avert a "humanitarian disaster" in Kosovo.

MPs warned the Prime Minister that bombing may not bring President Milosevic back to the negotiating table and could lead to a full-blown war with Serbia.

But, in a sombre statement, Mr Blair said that while the potential consequences of military action were serious, "the consequences of not acting are more serious still for human life and for peace in the long-term".

He added: "We must act to save thousands of innocent men, women, and children from humanitarian catastrophe, from death, barbarism and ethnic cleansing by a brutal dictatorship, to save the stability of the Balkan region, where we know chaos can engulf all of Europe." He said if Kosovo was left

William Hague warned the Prime Minister that his party would not be willing to back the use of ground forces to fight for a peace settlement.

Action should have been taken sooner against the Serbs, rather than the issuing of "string of last warnings and ultimatums ... the credibility of Nato has been called into question," the Tory leader added.

Menzies Campbell, for the

Liberal Democrats, told Mr Blair: "The political aim should be to require the Milosevic government to pay such a high price in military assets that it is persuaded, even compelled to return to the conference table."

Sir Peter Tapsell, the Tory MP for Louth and Hornscliffe, accused Mr Blair for using "weasel words" with the British

people because air strikes alone would not achieve the Nato objectives.

"What the Government is proposing now is to make war on Serbia and it is a profound political mistake to suppose that Milosevic is not supported by the mass of the Serbian patriotic people, one of the great fighting people of Europe.

"The British people should

be told now that we are embarking inevitably in ground operations that will result in heavy casualties."

But Clive Soley, the chairman of the parliamentary Labour Party, told Mr Blair that the British people had learned "more than anyone else that appeasement does not work". The British people would not allow anyone to for-

give and forget the "barbaric crimes" which had been perpetrated in Kosovo, he added.

Tony Benn, the MP for Chesterfield, said Britain and its allies were "breaking international law", and attacked the Prime Minister for not holding a debate in the House of Commons on the issue.

David Winnick, the Labour MP for Walsall North, said:

"When we listen to the voices of non-intervention, isn't it the case that those who argued for non-intervention were wrong about the Falklands in 1982, wrong about Kuwait in 1991, and certainly wrong about the help of the international community in bringing about a settlement in Bosnia in 1995, so why on earth should we believe they are right now?"

Russell Boyce

Tony Blair, grim and untalkative, leaves Downing Street yesterday to make his sombre statement in the Commons

Photo: PA

TONY BLAIR faces dissent from all sides yesterday when he told the Commons that Britain was ready to help in Nato air strikes on Serbia to avert a "humanitarian disaster" in Kosovo.

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Clarke backs elected Lords

CONSTITUTION

BY PAUL WAUGH
Political Correspondent

THE FORMER Chancellor Kenneth Clarke joined senior Labour and Liberal Democrat MPs yesterday to launch a new cross-party campaign for a fully elected second chamber for Parliament.

Mr Clarke revealed that more than one-third of all backbench MPs and most Tory frontbenchers had backed proposals to replace the House of Lords with a senate-style body.

The campaign was launched as 131 MPs signed an early day motion demanding that "the composition of the second chamber of Parliament should be determined by election".

Accompanied by Charles Kennedy, the Liberal Democrat agriculture spokesman, and Mark Fisher, Labour's former arts minister, Mr Clarke said the motion would send a clear message to the Royal Commission on Lords reform.

"There is strong and growing cross-party support in the House of Commons for an elected second chamber... In the 21st century, only the ballot box can provide the second chamber with sufficient legitimacy for it to perform a constitutional role."

Labour offers safeguards against town-hall sleaze

STRIGENT SAFEGUARDS ON

LOCAL GOVERNMENT
BY PAUL WAUGH
AND COLIN BROWN

elected mayors and other executive forms of government will lead to over-centralisation.

The draft Local Government Bill published today will make it a criminal offence for any council to refuse to publish details of how decisions are made. To reduce the danger of secrecy and corruption, powerful scrutiny committees will also have the right to call mayors and cabinet members to account.

The proposals have been included in the Bill to counter criticism that the creation of directly

gional standards boards with the power to exclude politicians from office if they breach the guidelines.

However, the Liberal Democrats were adamant last night that mayors and cabinets could exacerbate the problem of town-hall sleaze.

Paul Burstow, the party's local government spokesman, said that the only real solution was to introduce proportional representation (PR) for councils.

"This Bill could simply institutionalise the control of town halls by domineering leaders," he said. "If ministers are serious about tackling sleaze, they must introduce fair votes

for local government... Without PR, Labour's rotten boroughs will be able to get away with creating all-powerful, one-party executives, accountable to no one but their own political friends."

Tories attempted last night to delay the passage of the Local Government Bill as it reached its report and third-reading stages. The legislation will end universal budget capping and scrap compulsory competitive tendering introduced by the Thatcher government.

Conservative MPs filibustered in protest at the CCT proposals and the speed with which Labour was aiming to clear it from the Commons.

Lords urge new dumping policy

NUCLEAR WASTE

BY SARAH SCHAEFER

needed but that have yet to be classified... reliance on supervision for very long periods increases the probability of human error," Lord Toms, the committee's chairman, said.

The peers' inquiry was set up after the decision in 1997 by the then Tory environment secretary, John Gummer, to reject Nirex's plans to build the first stage of Britain's underground nuclear waste dump near Sellafield, Cumbria. He also turned

down British Nuclear Fuels' plans to keep foreign intermediate-level nuclear wastes in Britain after their reprocessing.

The report also said: "We must start now to find a solution to this unprecedented problem."

But Greenpeace dismissed the committee as a "pack of ostriches". "Dumping nuclear waste underground is irresponsible," said Dr Helen Wallace, a Greenpeace scientist.

"Evidence at the Nirex inquiry showed that any dump would leak and contaminate land, rivers and water supplies."

John Gummer: Rejected underground dump

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QUESTIONS AND ANSWERS

minister Paul Boateng said.

Ashton warning

ANY POLICE officer found to have leaked information about questioning of Labour MP Joe Ashton during a raid on a Thai massage parlour would be "severely dealt with", Home Office Minister Paul Boateng said.

Metropolitan Police budget, teenage pregnancy, 2.30pm: Northern Ireland questions.

Prime Minister's questions. Lords, 2.30pm: Debate on role of marriage, debate on Gulf War illnesses.

Defeat on young offenders

THE GOVERNMENT was defeated by 149 to 144 when peers backed a call to give magistrates more discretion on whether to refer first-time offenders to proposed youth offender panels during the third reading of the Youth Justice and Criminal Evidence Bill.

Today's Agenda
Commons, 9.30am for backbench debates on: transport in eastern region,

Beef ban can go in Scotland

MEMBERS of the Scottish Parliament will be able to lift the beef-on-the-bone ban north of the border after its opening on 1 July, junior Scottish minister Sam Galbraith said.

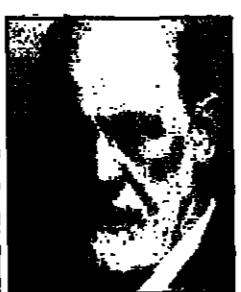
Few still waiting
LESS THAN 1 per cent of gun owners claiming compensation for the 1997 firearms ban are still waiting for offers from the Government, Home Office

CH 11101500

Are these the century's finest minds?



ALBERT EINSTEIN
Patent office clerk who became the century's most influential scientist. At 26, developed theory of relativity, basis for advances in quantum physics, space travel and electronics.



SIGMUND FREUD
The father of psychoanalysis. Credited with opening the door to our unconscious selves. Concepts such as ego, repression and penis envy spring from his work.



ALEXANDER FLEMING
Bacteriologist who invented penicillin, world's most effective lifesaver and key to all antibiotics. Found when an experiment was accidentally contaminated.



ENRICO FERMI
Atomic physicist who helped pioneer nuclear fission. Co-inventor and designer of the first nuclear reactor. Hailed as last great physicist to excel both at theory and experimentation.



WILBUR AND ORVILLE WRIGHT
Brothers Wilbur and Orville (above) were bicycle mechanics who made first powered human flight in 1903. Ultimately responsible for the aviation age.



ALAN TURING
Computer scientist who built the world's first calculating machines and laid the groundwork for all computer technology. Committed suicide after prosecution for homosexuality.



JONAS SALK
Virologist who invented the polio vaccine in the Fifties after two epidemics which crippled thousands of children. Suffered from infighting in US scientific establishment.



LUDWIG WITTGENSTEIN
Pioneering philosopher who started out trying to "end philosophy" in 1922 by elegantly codifying all thought in terms of logic. Eventually questioned all original ideas.



JAMES WATSON AND FRANCIS CRICK
Molecular biologists Watson (above) and Crick discovered DNA's double helix, basis of life. Fought opinion in developing US scientific establishment.



WILLIAM SHOCKLEY
Solid-state physicist and inventor of the transistor, which made computer technology possible. Held radical racial view that black people were inherently less intelligent than whites.



LEO BAEKELAND
Belgian-born chemist who invented the first synthetic plastic - Bakelite. It was discovered in 1909 during his search for an insulating material for the growing electric industry.



TIM BERNERS-LEE
British computer network designer who originated the World Wide Web. Credited with the huge growth of the Internet - 600,000 to 40 million users from its launch in 1991 to 1996.



RACHEL CARSON
Marine biologist who wrote *Silent Spring* in 1962, foreunner of environmental movement. Listed effects of pesticides on wildlife, despite attack by US chemical companies.



JOHN MAYNARD KEYNES
Economist thought of as father of modern economics. Theories on pulling economies out of depression by increasing demand credited with saving capitalism.



EDWIN HUBBLE
Astronomer who formulated theory of Big Bang in 1920s, realising universe beyond the Milky Way was expanding. Einstein said Hubble's contribution helped prove his theories.



KURT GÖDEL
Author of arguably the most important discovery of 20th-century mathematics. His "incompleteness theorem", of 1931, proved wrong nearly 100 years of mathematical research.



ROBERT GODDARD
Rocket scientist who pioneered the technology in the 1930s amid ridicule. Nazis used ideas to produce V2 rockets for attacking London, but rockets did put a man on the moon.



THE LEAKEY FAMILY
British family of pioneering anthropologists - Louis, Mary and son Richard (above) - whose work in Kenya revolutionised the understanding of human evolution.



JEAN PIAGET
Child psychologist who developed the theory that children were not empty vessels to be filled with knowledge but had their own logic with which they constructed their world.



PHILO FARNSWORTH
Inventor of the TV tube, after the idea came to him at 14. Died in obscurity. "There's nothing on it. We're not watching it in this house," he told his son.

JOHN DAVISON

A FORMER clerk in the Swiss patent office has been voted one of the most influential minds of the past 100 years - the century that split the atom, invented plastic, landed men on the moon and cloned a sheep called Dolly.

The name of Albert Einstein is synonymous with intellectual power, which explains why he heads the list of the 20 most influential thinkers of the past 100 years.

People as diverse as Ludwig Wittgenstein, the Austrian philosopher William Shockley, the inventor of the transistor,

BY STEVE CONNOR
Science Editor

and Sigmund Freud, the discover of psychoanalysis, are among the famous names listed by Time magazine as this century's greatest brains.

The 20th century, Time says, "overthrew our inherited ideas about logic, language, learning, mathematics, economics and even space and time. And behind each of these great inventions is, in most cases, one extraordinary human mind."

Britain is well represented in the list, with seven names

among the top 20, including Alexander Fleming, the discoverer of antibiotics, John Maynard Keynes, the influential economist, and Alan Turing the tortured mathematician and computer scientist.

But it was Einstein who dominated the 20th century with his two theories of relativity. He published his first, "special" theory in 1905 while he was still a patent office clerk, and his more important, "general" theory in 1916.

James Gleick, the science author, writes in Time that the scientific touchstones of the

age - the nuclear bomb, space travel and electronics - all bear Einstein's fingerprints.

He discovered, just by thinking about it, the essential structure of the cosmos," he says. Sir Martin Rees, Britain's Astronomer Royal, agreed with Time that Einstein dominated the scientific achievements of the 20th century, notably with his general theory of relativity, which explains the relationship between gravity and space.

If he hadn't come up with his general theory, it might not have been described for several more years. Einstein put

a more distinctive mark on science," Sir Martin said.

Many discoveries came about as a result of good luck and "people who made the greatest discovery don't always have the greatest intellect", he said.

Alexander Fleming's discovery of penicillin, made after an accidental contamination in his laboratory, is a prime example of a lucky accident leading to a major breakthrough.

Francis Crick and Jim Watson, the two Cambridge scientists who discovered the double helix structure of DNA, did what others would have done a few years later, said Lewis Wolpert, professor of biology as applied to medicine at University College London.

But being first matters, which is why Crick and Watson achieved a place in Time's hall of fame as the co-discoverers of the "secret of life" in 1953.

"Not until decades later, in the age of genetic engineering, would the Promethean power unleashed that day become vivid," the magazine says, referring to late-20th-century developments in biotechnology.

Men dominate Time's list of great thinkers, which includes technology intellectuals such as Tim Berners-Lee, the architect of the Internet, and Wilbur and Orville Wright, the pioneers of powered flight.

But one woman stands out: Rachel Carson, an American biologist, is credited with virtually inventing the environmental movement with her book *Silent Spring*, which alerted the world to the dangers of pesticides.

"Silent Spring", serialised in *The New Yorker* in June 1962, gored corporate oxen all over the country," Time says.

Not surprisingly, Carson was violently assailed by threats of legal action from some of the biggest companies in the United States, including Monsanto, the agrochemicals giant.

"In their ugly campaign to reduce a brave scientist's protests to a matter of public relations, the chemical interests had only increased public awareness. *Silent Spring* became a runaway best-seller with international reverberations. Nearly 40 years later, it is still the cornerstone of the new environmentalism," says Time magazine.

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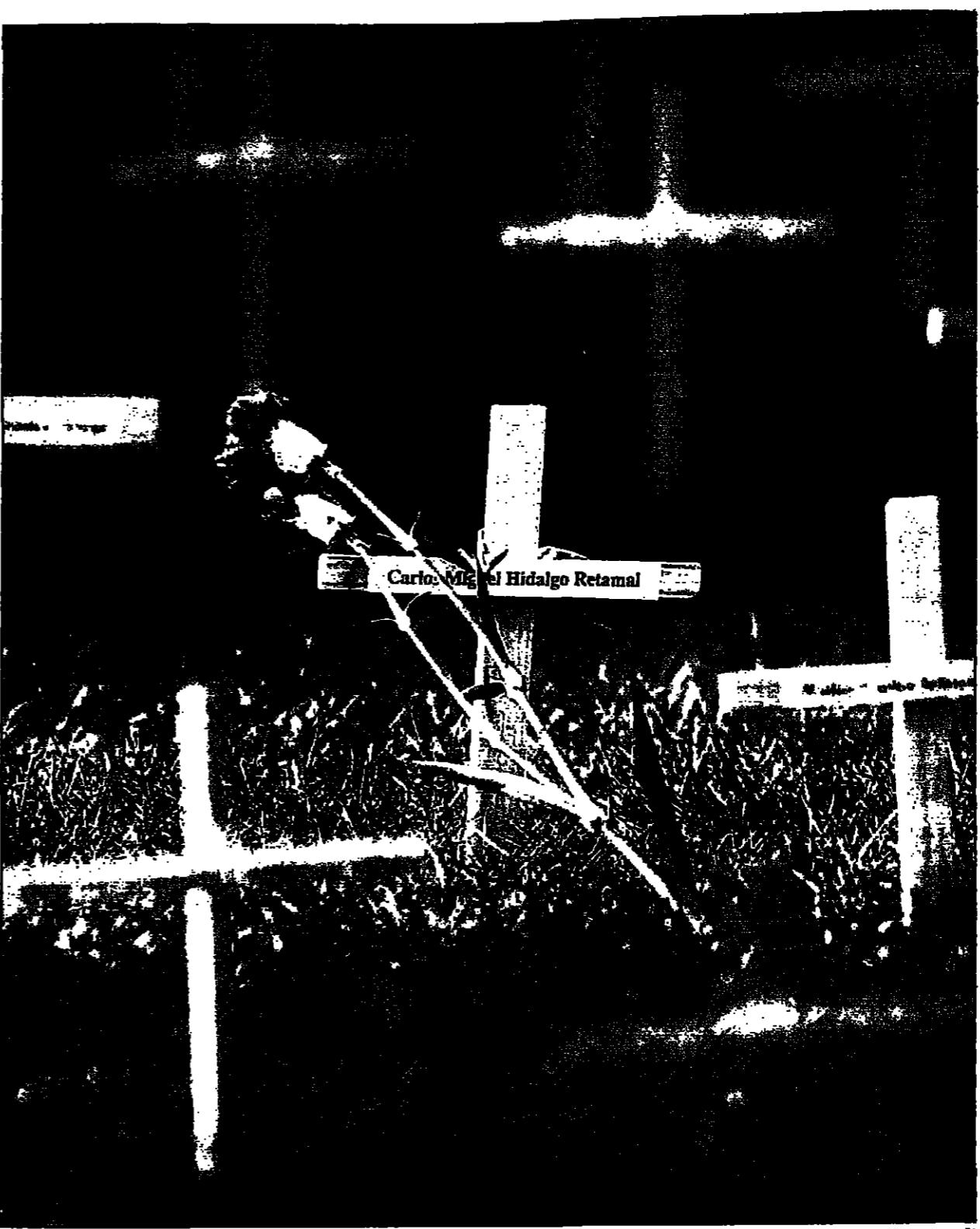
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A red carnation among hundreds of crosses which bear the names and photographs of those who 'disappeared' during the Pinochet regime in Chile in front of the Houses of Parliament yesterday

Chileans ready to reclaim Pinochet

BY KIM SENGUPTA

who spent seven years in jail, said: "Each of these crosses represents a human life which was extinguished. We are here to remind the law lords about the barbarities that took place under Pinochet and ask them to make a stand for the weak and the oppressed."

If the law lords decide that the general has immunity from prosecution, he will be able to leave at once. A decision against him is expected to lead to an immediate application for judicial review by his legal team over the legality of his original arrest.

General Pinochet is said to have spent the past few days personally directing operations. The former Chilean dictator and his wife, Lucia, are said to have their bags packed ready to return after coming for a shopping trip which in the end has lasted almost six months.

Former Chilean political prisoners and their supporters yesterday kept up their own pressure, placing 4,000 tiny crosses on the lawn outside the Houses of Parliament in memory of those murdered or "disappeared" by General Pinochet's regime. Roberto Vasquez, a member of the Chile Committee Against Immunity,



General Pinochet: Hopes to fly back to Chile today

The Attorney-General, John Morris, has already refused leave for a private prosecution in Britain of General Pinochet for the alleged murder of a British businessman, William Beausire, who was kidnapped in Argentina in 1974. Mr Morris told the Commons that his decision was based on advice from government lawyers that the 1988 Act was not retrospective in relation to British law.

However, the Spanish warrant also alleges that General Pinochet was involved in conspiracy to murder with agents of his secret police, Dina, while in Madrid. The Crown Prosecution Service could argue that any Lords ruling about lack of retrospective of the 1988 Act cannot apply to these charges.

Legal sources also say that as long as the principle is established that General Pinochet does not enjoy immunity, the CPS will be able to argue the issue through extradition proceedings, raising the possibility of many months of attritional legal hearings.

Hugh O'Shaughnessy, Review, page 4

Police target city crime syndicates

BY JASON BENNETTO
Crime Correspondent

prolific burglars, car thieves, handlers of stolen goods, and drug dealers.

Detective Superintendent David Brown, head of Operation Victory, said: "There's a perception that there are certain criminals in the Salford area that may be considered untouchable. We wanted to show that no one is above the law."

There are said to be about five significant crime "families" or gangs operating from Salford. The criminals concentrate on running protection rackets, drug-dealing, robberies from security vans and the sale of guns.

Det Supt Brown added that he was confident he had arrested some of the district's most prolific criminals.

The 53 people in custody were being held at 10 police stations around the Greater Manchester area.

C4 gun-running film 'was faked'

BY RHYS WILLIAMS

tors. This has nearly finished, said a spokesman.

Channel 4 accepted that one diarist had a gun-related conviction, but said it had been unaware of this before the broadcast.

This is a sensitive time for factual programme-making. Carlton was fined £2m for its failed drugs documentary *The Connection*, and deception was found in *The Vanessa Show*.

Last year Channel 4 escaped punishment after apologising for a *Cutting Edge* film called *Rogue Males*, about cowboy builders, which merely filmed reconstructions of incidents.

Bispham has said some scenes were staged and the producers failed to disclose that one diarist had a conviction for firearms offences and the other was a freelance journalist.

Channel 4 set up an independent investigation of the documentary by outside solicitors.

The independent producer Mary Devine has been banned from the network.

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• Prescott to halve bus fares of elderly

JOHN PRESCOTT yesterday promised that the Government would guarantee half-price bus fares for pensioners, more passenger information and a clampdown on poor performing operators.

"I am looking for the bus industry to provide better quality, better reliability, put more bums on seats and bring in more passengers and not more subsidies," the Secretary of State for the Environment, Transport and the Regions said.

He said that cuts in senior citizens' fares would make a "big difference to the quality of life" for elderly people on reduced incomes, and that he wanted to see all pensioners in England get a minimum half-price discount in exchange for buying an annual travel pass costing no more than 25.

The measure is likely to add millions to local authorities' travel subsidy bills as Mr Prescott said nearly half of all English councils operated less generous schemes. Pensioners in London have free bus

BY PHILIP THORNTON
Transport Correspondent

travel, but outside the capital the pattern varies, with some local authorities offering no concession at all.

The measure is unlikely to become reality for months as Mr Prescott needs to win legislative time. The Government said it would consult on all its proposals.

The Local Government Association said it disagreed with Mr Prescott's figures on the current level of pensioner subsidy. It said it was disappointed the Government had failed to give a legislative timetable.

Announcing the plans at a news conference on board an environmentally friendly bus in London, Mr Prescott said he wanted to end the deregulated "free for all" brought in by the Tories. He set out a package of measures to force bus companies to improve services and to bring in tougher powers to crack down on the failures.

He said he would hold a bus



John Prescott, Secretary of State for Transport, announcing his plans for the buses yesterday - including fare cuts for pensioners Neville Elder

industry summit in the autumn, on similar lines to the rail summit held last month in response to appealing performance levels.

"Buses represent the best opportunity for leading a renaissance of public transport in this country. At the end of the day, it is what the passenger wants that matters," he said.

Other measures, most of

which would need legislation, include:

■ Forcing operators to notify commissioners of plans to alter the timetable 21 days in advance; ■ Tougher powers for traffic commissioners, who currently license bus operators, to fine operators for services that fail the passenger;

■ New laws to allow councils to stipulate service standards, with failure enforced by traffic commissioners;

■ Powers to force operators to offer tickets for use on trains

telephone call or on the Internet; ■ Powers to force operators to offer tickets for use on trains

Democrat spokesman, said: "Waiting for government action on buses is like waiting for a bus in most areas. There is no sign of it turning up and the timetable is missing. Labour promised better buses last July. This consultation document repeats that promise nine months later, but still there is no legislation to put it into action."

Matthew Taylor, the Liberal

City lawyer will be new Rail Regulator

BY PHILIP THORNTON
Transport Correspondent



THE GOVERNMENT yesterday chose a City lawyer to fill the key £165,000-a-year post of Rail Regulator.

The decision to appoint the surprise candidate Tom Winsor, 41, was seen as recognition that raising investment rather than capping profits of the railway industry was a priority.

He was selected ahead of Chris Bolt, who had filled the post temporarily since December. Mr Bolt set out his credentials last year when he warned Railtrack that he would cap its profits by £10m a year unless it was prepared to take more risks. Railtrack had warned that this meant it would be able to borrow £1bn a year less on the money markets.

Mr Winsor, who will take over on 5 July, will have the task

of reviewing Railtrack's investment programme.

"This is the second of three key rail appointments which look to the future of the railway industry," said the Deputy Prime Minister John Prescott.

The first key appointment was that of Sir Alastair Morton as chairman of the British Railways Board and also boss of the

shadow Strategic Rail Authority. The third appointment, that of a new director of Passenger Rail Franchising, will be announced shortly.

On Thursday, Railtrack is to announce a £270m investment in Britain's railways over the next 10 years. The first Rail Regulator, John Swift, was critical of the rate of Railtrack investment when he held the regulator's position from 1993 until the end of 1998.

Mr Winsor has been working at the Office of the Rail Regulator since 1993 - first as chief legal adviser and then as a general counsel to the regulator working on reorganisation, restructuring and regulation of the rail industry.

Shares in Railtrack surged two per cent on yesterday's news. One City analyst said: "The only goal that Chris Bolt had was to beat up a few shareholders."

'Dirty, filthy lies,' says man charged with war crimes

BY ANDREW BUNCOMBE
to Britain shortly after the Second World War is charged with killing Jews more than 50 years ago, yesterday claimed that he was the victim of "dirty, filthy lies".

During another emotional session at the Old Bailey, Mr Sawoniuk once again insisted he was innocent and accused those witnesses who had spoken against him of fabrication.

"These people are animals," he said. "I have more sympathy with animals than your witnesses. They are not human beings."

Mr Sawoniuk, 78, a retired British Rail ticket collector from south London who moved

to Britain shortly after the Second World War is charged with killing Jews more than 50 years ago, yesterday claimed that he was the victim of "dirty, filthy lies".

Mr Sawoniuk, who took to the stand to speak in his own defence, last week admitted being a police officer in his home town of Domachevo. But he denied murdering the town's Jewish citizens, saying they were his friends.

Yesterday he said he could not have been a member of the SS, as he was accused, he said, by the Metropolitan Police officers who interviewed him, because he could not speak German.

The hearing continues.

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Woman drank as girls, 8, drowned

BY ASHLEY BROADLEY

TWO EIGHT-YEAR-OLD girls drowned in a river while the woman who was meant to be looking after them was drinking and smoking cannabis, a court was told yesterday.

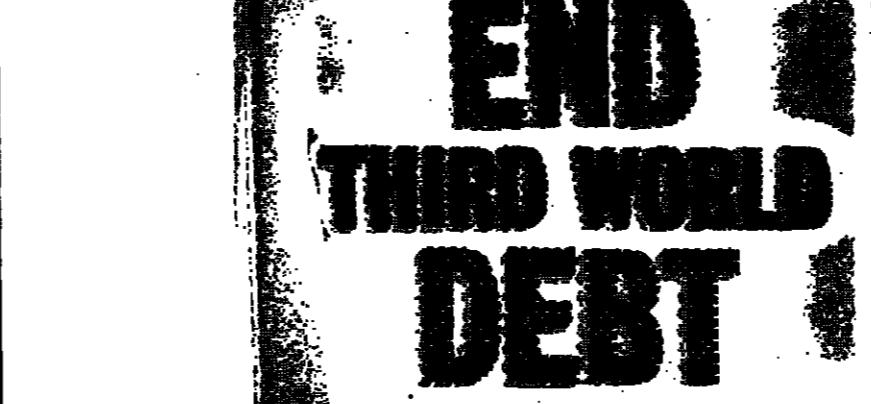
Wendy Dodd, 41, pleaded guilty at Leeds Crown Court to wilful neglect of Jasmine Neville and Charlea Fox, who died in the River Wharfe near Arthington, West Yorkshire. A verdict of not guilty was recorded on two counts of manslaughter.

Mr James Stewart QC, for the prosecution, said a group of people, including Dodd, and Charlea's parents, David and Maxine Fox, went to the river on 21 July 1997 for a barbecue to celebrate Charlea's eighth birthday. He said witnesses had described the adults as being "the worse for wear", and told the court that Dodd, formerly of Burley, Leeds, had been left alone with Charlea and Jasmine, also from Burley.

Dodd had seen two gypsy boys and invited them over "for a split", the court heard. It was after this she realised the girls were missing. At 10.20pm divers found their bodies in deep water.

Mr Justice Poole postponed sentencing pending medical and psychiatric reports. Dodd was released on bail.

Robert Fitzgerald, the partner of Jasmine's mother, Joanne Shaw, said: "We are pleased the trial is over."



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Clinton says there may be US losses

WITH KOSOVO descending into all-out war and the US special envoy, Richard Holbrooke, heading to Brussels after a failed mission to Belgrade, President Bill Clinton prepared the American public for full-scale military intervention. He also warned that it might lead to US casualties.

Condemning the intransigence of the Yugoslav President, Slobodan Milosevic, Mr Clinton said yesterday: "If he will not make peace, we are willing to limit his ability to make war over Kosovo. We will limit his ability to win a military victory and engage in ethnic cleansing and slaughter innocent people." Mr Clinton said that "like any other military action, there are risks in it".

He was addressing an audience of civil servants in Washington in a speech that had been planned to deal with pension reform, but which was rewritten to incorporate an explanation and defence of US policy in the Balkans.

Couched at times in the language of an elementary textbook, the speech was a clear attempt by the President to counter criticism that he had not justified intervention in Kosovo as being in US interests. The speech was broadcast live by all the main US cable news channels.

While preparing the American public for new military intervention overseas, Mr Clinton was faced with a host of dilemmas about its timing. Republicans in Congress, especially in the Senate, were strongly resisting the use of military force over Kosovo.

The expected arrival in Washington of the Russian Prime Minister, Yevgeny Primakov, also contained the

BY MARY DEJEVSKY
in Washington

50th anniversary of Nato. The recent accession of the three new Nato members was held outside Washington and kept low-key so that next month's Nato anniversary did not offend Russian sensibilities by appearing "triumphant".

Authorising Nato air strikes during US-Russian discussions about the anniversary arrangements could jeopardise the whole project.

In the event, the threatened congressional revolt turned out to be the least of Mr Clinton's difficulties yesterday.

After an hour-long meeting at the White House - the second in a week - Republican leaders said they would reluctantly support military action and abandoned a motion that would have required the administration to obtain congressional approval first.

Trent Lott, Republican majority leader in the Senate, said that he was preparing to reward a motion opposing military involvement to express mere "reservations" but also support for US troops. "I am going to support the air strikes," said Senator Mitch McConnell of Kentucky, who had been one of the most forthright opponents.

And Senator Kay Bailey Hutchison of Texas told reporters: "Many of us disagree with the policy but I think it becomes a different issue when action is imminent."

"Inmim-ent" was reportedly how Mr Clinton described the likelihood of Nato air strikes. That the decision had been taken at least in principle was confirmed by Pentagon sources who made known that, following the failure of Mr Holbrooke's last-ditch pleas to the Yugoslav president, "the countdown to air strikes has begun".

Primakov: Turned plane round in mid-air

force by Nato before he left Moscow and during a stopover in Ireland.

US military action threatens the work of the international peace-keeping operations in former Yugoslavia - to which Russia contributes - and the concept of the "Partnership for Peace". This programme was designed to foster co-operation between Nato and states along the periphery of the alliance, including Russia.

It would also endanger the image of East-West peace and unity that the US wants to project at next month's celebrations in Washington for the



An ethnic Albanian man fleeing the Serbs in Kosovo waits outside a refugee registration centre in Skopje, Macedonia, yesterday. DIMITAR SAGOL/Reuters

British army commander with a tough reputation

BY JOHN DAVISON

THE BRITISH commander of the 10,000 Nato troops in Macedonia sought yesterday to dispel ideas that his force could be used for a land attack on Kosovo. Its only role was to implement any peace accord, he stressed.

"There is speculation that we have other roles and I want to kill this speculation," said Lt-Gen Sir Mike Jackson. "We are here to do one thing and this is to implement a Kosovo peace agreement when and if it occurs."

The plan is eventually to deploy a total of 22,000 Nato troops in Kosovo to police an agreement on granting the province autonomy from Serbia. Nato has said any hostile move on the part of Belgrade towards the force in Macedonia would be "a great mistake".

Lt-Gen Jackson, a former commander in the Parachute Regiment, has been dubbed "Britain's toughest-looking soldier" in the media and "the Prince of Darkness" by his troops, because of his suntanned features. His own view is simply that he has a "well lived-in face".

His new Balkan role comes because of his position as commander of Nato's Allied Rapid Reaction Corps, which is undertaking the operation. Its headquarters staff of 1,000 officers, of which about half are British, will be supplemented by a further 2,000 troops from the Royal Signals if full deployment takes place.

The mission is Lt-Gen Jackson's second experience of peace implementation in the Balkans, having commanded the British contingent in Bosnia between 1995 and 1996. After joining the army at 18, he was commissioned into the Intelligence Corps and took a

Lt-Gen Sir Mike Jackson: "We're here to do one thing"

After a series of staff jobs and the higher command course, in 1989 he spent six months on a fellowship at Cambridge writing a paper on the future of the British army.

He has commanded 3 (UK) Division, the job which took him to Bosnia, and is a former director-general of development and doctrine, the army's own "think-tank".

Lt-Gen Jackson, who celebrated his 55th birthday on Sunday, married his second wife Sarah in 1985. The couple have a son Thomas, aged eight, and Sir Michael has two grown-up children from his first marriage. His interests include travel, music, reading, skiing and tennis.

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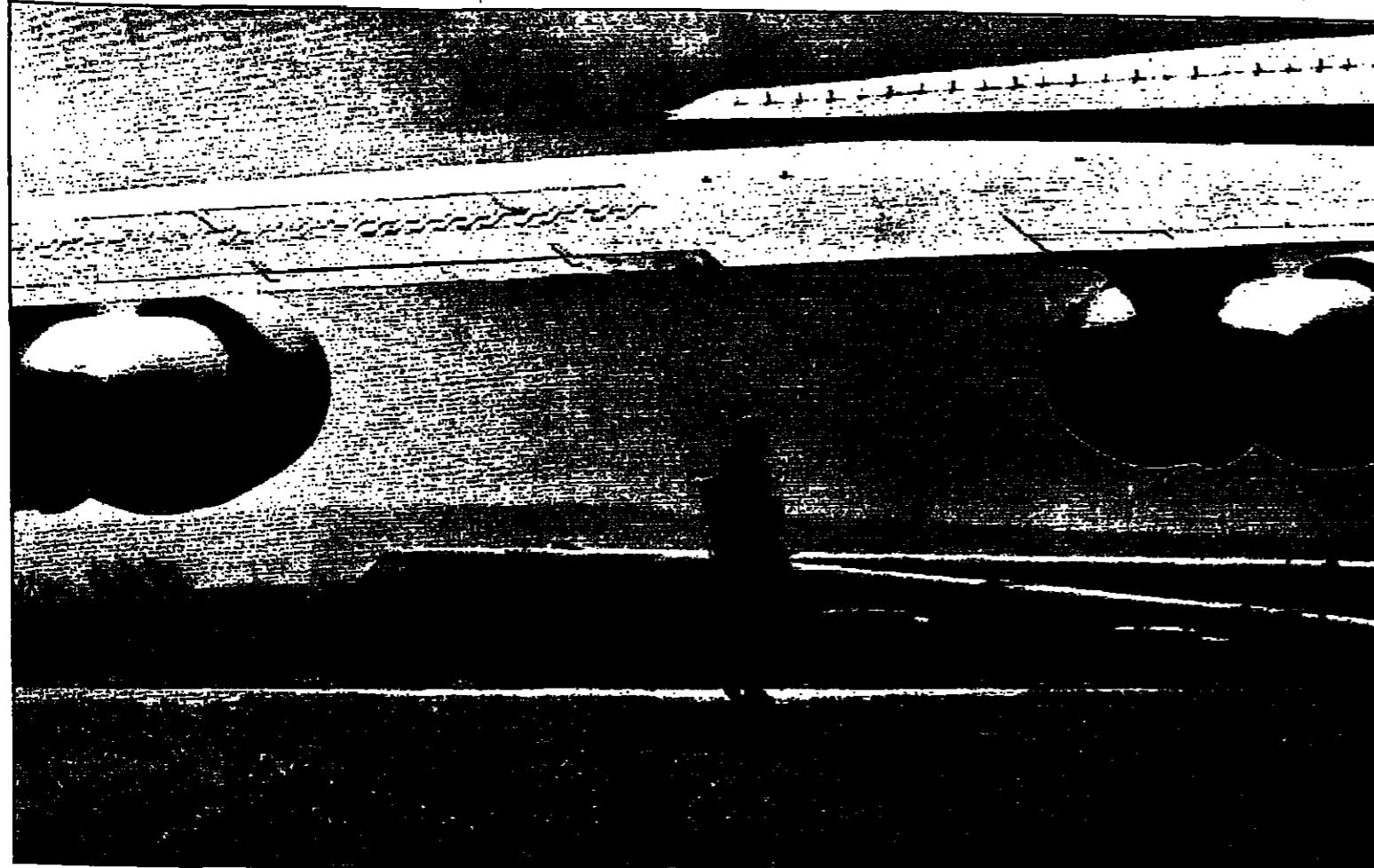
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A United States Air Force sentry and a B-52 waiting at RAF Fairford, Gloucestershire, yesterday. Nato forces were on standby after the suspension of talks between the Yugoslav President, Slobodan Milosevic, and US special envoy, Richard Holbrooke, in Belgrade. *Mark Nash*

Tensions in Macedonia could spark Balkan war

AS THE West prepares for war against Serbia, inevitably fears are being voiced that the conflict will throw the entire region into chaos.

The "Balkan tinder-box" theory was frequently wheeled out by Western politicians in the early Nineties to justify a "hands off" policy towards the conflict then raging in Bosnia.

Balkan chaos theories date back to the first and second Balkan wars of 1912 and 1913, which involved Romania, Bulgaria, Greece, Serbia, Montenegro and the Ottoman Empire. And then there was the First World War, which began after a shot was fired at the heir to the Habsburg throne in the Bosnian capital Sarajevo.

General Sir Michael Rose, former commander of the UN troops in Bosnia, revived the tinder-box theory yesterday on the BBC Radio 4 Today programme. Warning of a possible "third Balkan war", he said: "There's a grave danger that an act of war carried out against Serbia by Nato will spread into Bosnia and possibly into Macedonia."

The general's worries about Macedonia are shared by most. Serbia's southern neighbour declared its independence from Yugoslavia in 1991 and is an inherently unstable state, in spite of more than 10,000 Nato peace-keepers on its northern border. Yesterday Macedonia closed its two border crossings with Kosovo, while President Kiro Gligorov appealed to Nato to lend his country extra security guarantees.

The flow of Albanian refugees into Macedonia already threatens to destabilise the country's explosive ethnic mixture, pitting the dominant Slavs against a large and restive Albanian minority. Relief organisation officials said about 1,000 Kosovars crossed the border in the past 24 hours alone.

Albania is another worry. Although the left-wing government is less inclined to pander to pan-Albanian rhetoric than its right-wing predecessor, Tirana would still find it extremely hard to stay aloof from all-out war on the ground, especially if a massive Serbian



domia in the 14th century and seized it back from Turkey - to the fury of the Bulgarians - in the Balkan wars.

So it is the collapse of Macedonia, rather than war in Serbia and Kosovo, that is most likely to make the Balkan "tinder-box" theory a reality.

Two countries that are not likely to join any new Balkan war are Romania and Greece. In Bucharest, there is principled opposition to outsiders interfering in a sovereign state. Today Kosovo, tomorrow Transylvania? But those worries are more than balanced out by a strong commitment to joining the EU and Nato.

The Greeks provided their Orthodox brothers with a valued diplomatic lifeline when Belgrade was at war in Bosnia, but ties have cooled since then. Greek diplomats are dismissing the chances of Athens being involved - or even affected - by air strikes on Serbia.

Bomb threat dawns on ordinary Serbs

AFTER DISMISSING Nato threats as bluff, the reality of approaching war dawned on the Serbian population for the first time yesterday.

According to the main pro-government daily, *Politika*, a poll showed 91 per cent of those asked supported the government in its opposition to Nato deployment in Kosovo.

To boost morale, officials told the population that what the West wanted was to occupy the whole of Serbia. "The whole country is at stake," said the speaker of parliament, Dragan Tomic. "Kosovo is only the door through which Nato and

the US are trying to enter to occupy our country."

However a leading human rights lawyer, Natasha Kandic, said young Serbs were avoiding call-up papers in huge numbers and that no more than 8 per cent of army reservists had turned up.

"In October [when Nato last threatened air strikes] the main talk was about how to find a safe place and stockpile food," she said. But things were different now. "People are afraid, not of being exposed to bombing but of what is going to happen in the war," she added.



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</div

Germany urges deal to solve EU crisis

BY STEPHEN CASTLE
in Brussels

TWO DAYS of intense horse-trading among Europe's leaders begins today with a blunt warning from Germany that only a deal on financial reforms can prevent a "serious crisis" which could alienate Europe's citizens.

The message, from Gerhard Schröder, the German Chancellor, comes on the eve of a summit which must now grapple with two of the European Union's biggest problems of recent years: the need for agreement on future funding and the vacuum in Brussels after the mass resignation of the European Commission.

When leaders gather in the Intercontinental Hotel in Berlin, they face a multi-layered set of negotiations expected to go to the wire. Mr Schröder, who chairs the summit, has an uphill battle to win concessions from Tony Blair over the British budget rebate, and faces similar intransigence from France over agriculture. He must also try to meet hopes that a new Commission president, proba-



French farmers blowing straw on to riot police (left) yesterday as others burn barricades during a protest over Europe's agricultural policy reforms

both Germany and the UK - which would gain around £100m. Similarly, a move to allow nations to retain 20 per cent, rather than the current 10 per cent, of the cash they collect for Brussels from customs duties and levies will help big trading nations, including the UK, which gains £25m.

This cash could simply be surrendered or used to finance reforms to the rebate that Germany wants. Whitehall is resisting, but British officials concede that the aim is to ensure that the UK will not be worse off.

The rebate does not cover spending outside the EU, including support for countries expecting to join; once new members are inside the cash would be rebated - something Germany wants to curb. An alternative is to exempt EU administration costs from the terms of the rebate. British concessions could depend on the outcome of agriculture talks which might also save money. Here the villain is Paris, which wants to postpone reforms.

President Jacques Chirac has described the common agricultural policy agreement as a "proposal" and has had to contend with large-scale protests by French farmers.

Will the total package be enough for Mr Schröder to sell to the German public? Wisely, the Chancellor is playing down expectations: he wants results, he says, but is "not expecting a big lottery win".

Leading article, Review, page 3, Roy Jenkins, Review, page 5



Reuters

by Romano Prodi, the former Italian prime minister, can be appointed as soon as Friday.

A deal is not expected until the small hours of Friday morning, when an array of compromises should be stitched together. Mr Schröder's pre-summit letter to fellow leaders

stresses how "difficult" and "arduous" the discussions will be. This is because the bulk of the talks focus on the thing that matters most to member states: money.

Perversely, the convulsions in Brussels have improved the prospects of a deal on financial

reform. Mr Schröder's letter argues that "following the resignation of the European Commission, it is even more urgent that the talks focus on the thing that matters most to member states: money".

Britain's role is likely to be

central because of a continuing push by other members against its £2bn annual rebate. Germany is determined to cut its net annual contributions of £8bn and has for months been trying different tactics to target the rebate.

With deadlines looming, dif-

ferent ideas have been floated, including the notion that the rebate should be swallowed in a general mechanism helping all big-paying countries.

The latest German papers state that the rebate "will be maintained" but go on to suggest a series of moves which

could cost the UK hundreds of millions of pounds a year.

Politically, Bonn realises that Mr Blair cannot return to the UK having surrendered the rebate negotiated by Margaret Thatcher. The Prime Minister

stands to gain some "windfalls". Signs of a concession by Italy should allow a change in the way national budget contributions are calculated.

At present contributions are based on national VAT receipts, hurting countries such as the UK and Germany, which are efficient at collecting the tax, but benefiting Italy, which is not. A move to a system based on gross national product helps

Leading article, Review, page 3, Roy Jenkins, Review, page 5

Blair wants to ban 'gatecrashers' from meetings

BY ANDREW GRICE
Political Editor

Commission of fraud and mismanagement. The Prime Minister has already called for big changes to the Commission, and as the Berlin summit of EU leaders gets underway today, is expected to publish a joint reform programme for Brussels with Austria. It will include the appointment of a "fraud-buster", modelled on Britain's National Audit Office, with the power to summon officials and to investigate all areas of EU spending.

In an interview on the eve of the summit, Mr Blair was sceptical about calls for the Council to be made more open. "It is all very well to say the Council of Ministers should be far more open but you might find it becomes less effective if it becomes less effective if you did that," he said.

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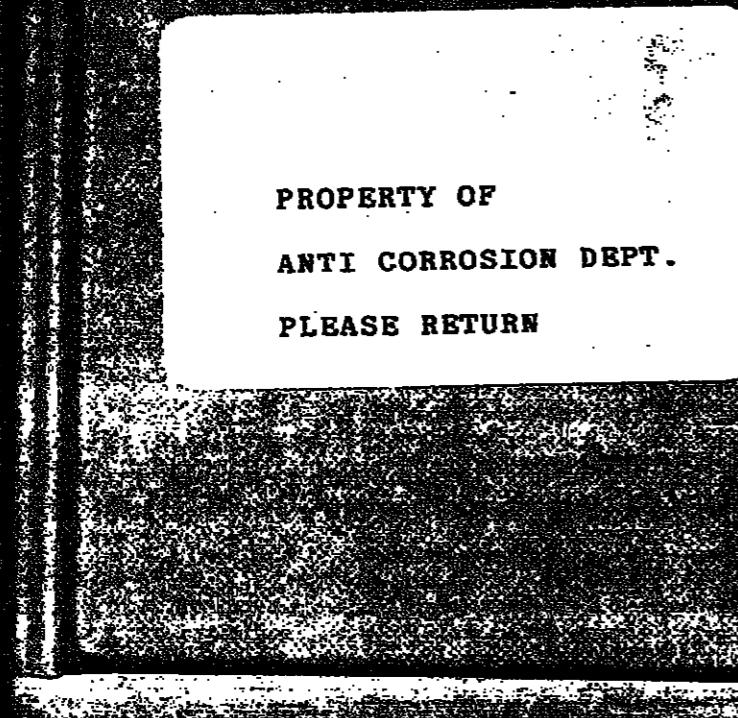
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John Lewis

Carnage and cannibalism in Borneo as ethnic conflict rages

BY RICHARD LLOYD PARRY
in Singkawang,
Indonesian Borneo



WESTERN PARTS of Borneo were in a state of anarchy last night after Indonesian soldiers opened fire on headhunting Dayak warriors in a drastic escalation of the island's savage ethnic war.

At least five Dayaks were shot dead during a gun battle with police in the district of Semelantan, in the West Kalimantan province where thousands of tribesmen are gathering from across western Borneo in a human manhunt.

More than 200 people, including young babies, have been decapitated and cannibalised in the area, where Dayak leaders and the Indonesian military have lost control of the local population. Hundreds more are being hunted down and butchered at the rate of some 30 a day.

The scenes along the road between the town of Singkawang and the village of Montrado yesterday afternoon defied belief. Five severed heads were displayed at checkpoints along the way, including those of a teenage boy and a middle-aged couple. Young warriors, armed with guns and wooden spears and smeared with blood, walked along the road openly carrying the heads and livers of their victims as women and children looked on.

A few miles away, a group of a dozen Dayaks were roasting and eating another body which lay dismembered on a wall. A young Dayak man boasted that he had taken part in four killings of Indonesian settlers from the island of Madura. "We try



Madurese refugees hunted by Dayak Christians take shelter in Pontianak, West Kalimantan, after their villages were torched

Achmad Ibrahim/AP

caught one of them this afternoon," he said, "and we killed it and we ate it, because we hate the Madurese."

Local government officials in Singkawang estimate that up to 500 others have been killed, although an accurate count is impossible because of the nature of the killings. "Sometimes we find a leg and sometimes an arm, so it's difficult to keep count," said AR Simon, a Dayak who is administrative head of the Semelantan area. "We try

to count the heads," Elias Ubek, Dayak chief of the village of Montrado, said that at least 70 Madurese had been killed and beheaded in his village alone. He said he had seen six or seven children with their heads cut off. "Some are shot first, some are stabbed to death," he said. "They don't care about women, children; they kill everyone, including babies. They chop their heads off and they eat them."

Mr Ubek was threatened

with death by his villagers after giving shelter to two families who had been tied up and were about to be killed by Dayak warriors. "The people trying to kill them had come from another district and they were so angry, I was almost killed myself. I am their leader and I cannot cool them down."

The Indonesian security forces have even less control of the situation. At about 4pm yesterday, Mr Ubek's eight refugees boarded a military

convoy which was passing through the area attempting to save Madurese fugitives. At least 150 soldiers in a dozen trucks and two armoured cars were outnumbered by a mob of Dayak warriors who followed them down the jungle road.

Five miles down the road, the Dayaks attacked with hunting rifles, and the soldiers responded with a volley of gunfire. Witnesses described them taking level aim into the jungle with automatic rifles.

At least five Dayaks were seen lying by the road dead or seriously wounded, before the convoy proceeded to Singkawang. This nightmarish conflict began last month. More than 10,000 Madurese refugees had already fled villages along the coast, where the ethnic cleansing was instigated by mobs, mainly of ethnic Malays.

The mobilisation of the Dayaks of the interior raised the stakes drastically. Many of those arriving in Semelantan

are veterans of a similar conflict two years ago, which left as many as 3,000 Madurese dead. The military stopped the Dayak advance outside West Kalimantan's regional capital, Pontianak, and some 200 Dayaks were killed when they tried to break through army lines.

Members of Borneo's three principal ethnic groups – Dayak, Malay and Chinese – accuse the Madurese of fighting and theft. They demand that they leave the island.

Vatican nudges closer to China

BY TERESA POOLE
in Peking

WHILE A physically frail Pope dreams of one day visiting China, the Vatican is pushing for improved relations with the country, despite tough conditions set by Peking.

A state visit to Rome this week by President Jiang Zemin has prompted an olive branch from a senior Vatican official, who publicly said the Holy See was willing to "modify" its diplomatic recognition of Taiwan. Low-level negotiations have been going on for more than a decade, with Peking torn between wanting to see the Vatican sever diplomatic ties with Taipei, and fearing anything that would promote Catholicism on the mainland. For the Vatican, China represents the world's biggest potential market of converts. For Peking, the image of huge crowds gathering for a papal visit – as recently in Cuba – is unthinkable.

Now the Vatican is making the moves to reach a compromise on China's two strict conditions: that the Vatican cut diplomatic ties to Taiwan, and that it "must not interfere with China's internal affairs by means of religious activities".

This week, in an interview with the *Corriere della Sera* newspaper, the Vatican Foreign Minister, Archbishop Jean-Louis Tauran, said: "We are aware that in order to normalise our relations with Peking we will have to modify the form of relations with Taipei ... We are willing to negotiate." Peking is demanding a severing of relations as a precondition for negotiations.

Taiwan yesterday warned the Holy See against failing for Chinese "hypocrisy". Roy Wu, the Foreign Ministry spokesman, said: "The Chinese Communist regime has always been hostile to religions. The Vatican must not be fooled by their pretence to be good."

All religions are burgeoning in China, trying to fill the spiritual void left after the ideological collapse of Communism.

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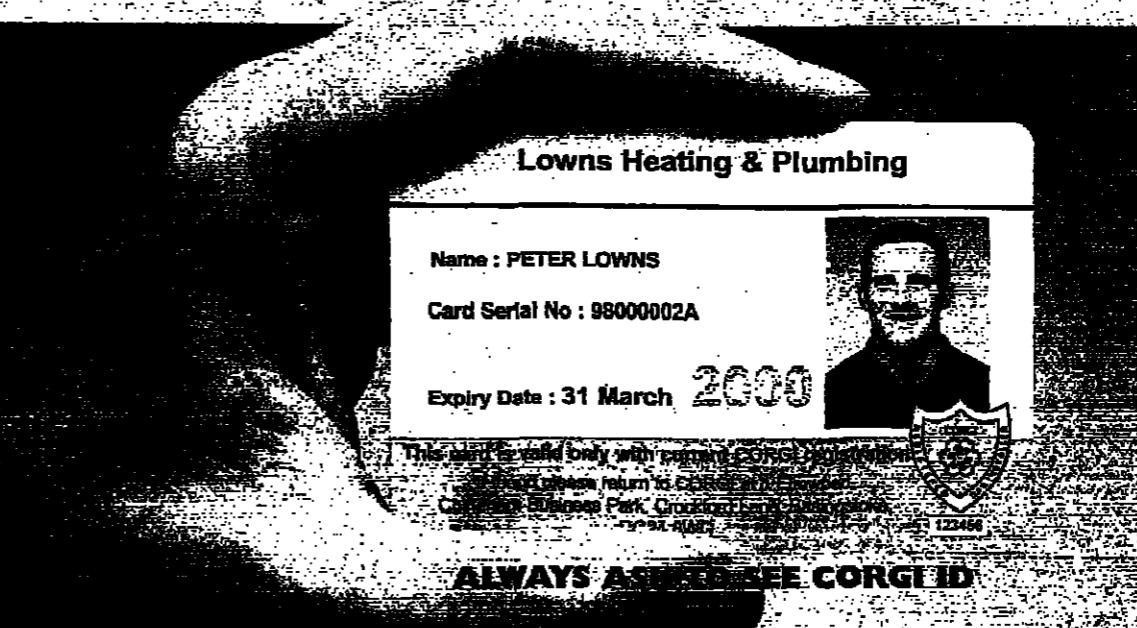
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THE WATCHDOG WHOSE WATCHWORD IS SAFETY

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Paraguay coup fear after assassination

PARAGUAY WAS thrust into the worst turmoil of its 10-year-old democracy yesterday after the Vice-President, Luis María Argana, 64, one of the country's longest-serving politicians, was assassinated in the capital, Asuncion.

The whole city shut down and residents expressed fears of a new military takeover as news spread that gunmen had fired on Mr Argana's vehicle as he drove to work yesterday morning. He was hit by at least 10 bullets in the head and body. Tension rose as troops and police poured into the streets to maintain order when the Vice-President's supporters gathered at the murder scene.

There was little doubt that the killing was the result of a power struggle among politicians of the long-ruling Colorado party, closely tied with the military that ruled for 35 years until 1989 under the dictator Alfredo Stroessner. Mr Argana

BY PHIL DAVISON
Latin America Correspondent

had been foreign minister and head of the Supreme Court under General Stroessner.

Mr Argana was in line to take over from the President, Raúl Cubas, if the leader were to be removed. Congress began impeachment proceedings against the President last week, accusing him of abuse of power.

President Cubas has ordered the release of General Lino Oviedo, who had tried to launch a military coup against then president Juan Carlos Wasmosy in 1996 and was later sentenced to 10 years' jail. General Oviedo's release late last year led to a split within the Colorado party between factions supporting either Mr Cubas or Mr Argana. Paraguayans knew the split was deep but only yesterday did they realise it was deadly.

Mr Argana felt he had been



Argana: Victim of power struggle in ruling party

robbed of the party's presidential nomination, and in effect the presidency in 1993 as a result of a military-inspired intrigue to install Mr Wasmosy as the candidate. Mr Wasmosy won the presidency and ruled until last year.

Mr Argana felt robbed again last year. He was defeated in the party primary for presidential

candidate by General Oviedo, who planned to run his campaign from jail but was later barred from the race. Mr Cubas was then given the candidacy, won the presidential election last May and freed General Oviedo later in the year.

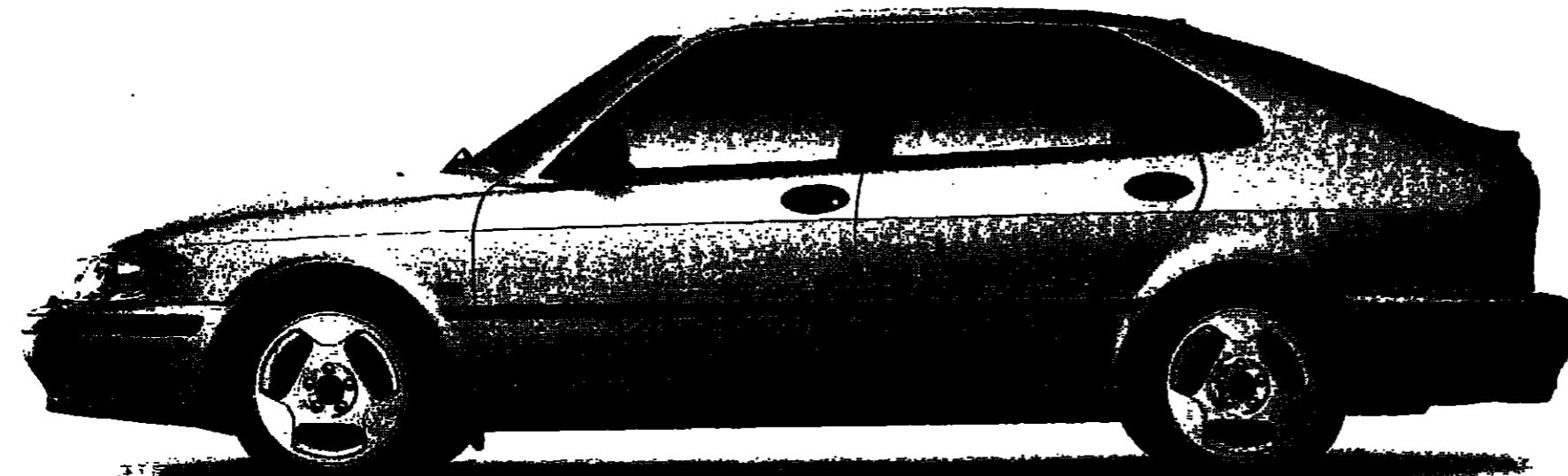
Mr Argana's role as Vice-President was becoming increasingly uncomfortable after Congress, despite a Colorado party majority in both chambers, voted to start impeachment proceedings against Mr Cubas. Mr Argana had persuaded his supporters within Congress, although from the same party as the President, to vote in favour of the impeachment move. Mr Cubas's supporters were furious.

There was no indication yesterday who the gunmen were but the authorities blocked all land borders and launched intensive airport checks to stop them leaving the country.

Obituary, Review, page 7



Former anti-apartheid cleric Allan Boesak arriving at court in Cape Town with his wife, Elsa, after being found guilty of fraud and theft of funds donated to his Foundation for Peace and Justice. Sentencing is expected today. Reuters



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'Matey' charter irks Australia

BY JOANNA JOLLY
in Sydney

fairness, independence as dear as mateship."

But the document, released yesterday, has been criticised as badly written, sexist and unacceptable to Aboriginals.

The Liberal-National government says it wants public comment on the draft before putting it to the people in conjunction with a referendum on becoming a republic.

Describing Australia as a nation "woven together of people from many ancestries and arrivals", it says: "Since time immemorial our land has been inhabited by Aborigines and Torres Strait Islanders who are honoured for their ancient and continuing cultures."

Mr Howard wrote the preamble with the help of the poet Les Murray, a defender of outback values. "Australians are free to be proud of their country and heritage," it says. "We value excellence as well as corny in parts."

Park war over loose dog law

AMERICAN TIMES
NEW YORK

IT IS easy to get upset about Rudolph Giuliani. His take-no-prisoners style as mayor of New York City has earned him high marks politically, as well as re-election last year. Next year, he may run for a US Senate seat (possibly against Hillary Rodham Clinton).

But the Rudy regime can seem repressive. Right now, the mayor is struggling to quell a crisis arising from a horrendous incident in early February: the shooting of an unarmed African immigrant in the Bronx by four white police officers. The shooting has crystallised resentment in the black community towards Giuliani's police force.

But anti-Giuliani sentiment also attaches itself to trivial issues. Dog-walking, for instance.

Dogs would not be natural fodder for a city's tabloid headline writers, you might imagine. Wrong. When protesters recently compared the mayor to Hitler and likened his police to the Gestapo, dogs were the issue.

Since early February, Mr Giuliani, assisted by the Parks Commissioner, Henry Stern, has been extending the zero-tolerance policy approach so effectively applied to thieves and murderers to dog owners. His mission has been to enforce the so-called "leash laws" that dictate when a dog is allowed to run without restraint from its lead.

Mr Stern has deployed armed police officers, some on horseback, daily to Central Park and Riverside Park, both popular with dog owners in Manhattan. They have been issuing summonses in blitzkriegs. First offenders are fined \$100. Penalties go up to \$1,000 for repeat offenders.

Nobody is saying that dogs should be free to rampage everywhere. But it did not help when Mr Stern - whose own dog is called Boomer - publicly vented about the "dog terrorists" who, he claimed, cause \$250,000 a year in damage to his parks.

He later attempted to clarify his remark. "The campaign is directed against a minority of wilful, arrogant dog owners," he said. "They're like die-hard National Rifle Association members." (He might have omitted that last part.)

The scene every morning in Riverside Park is a blend of comedy and paranoia. Dog owners complain of a "Cowboys and Indians" atmosphere, with Mr Stern's rangers popping out from behind trees and bluffs to snaffle their prey. "It was a posse, an ambush," said one woman, caught giving her boxer moments of leash-free frisking.

But in matters of zero-tolerance there is no room for humour. Park officials were serious when they contacted a Florida-based sculptor, Jack Dowd, about a statue he has recently completed called *Man & His Dog*. The life-size bronze is to go on display in New York's Tompkins Square Park, in the Lower East Side Manhattan, next month.

And - horror - photographs of the work showed no sign at all of man and dog being connected by a leash.

Mr Dowd was able to put the city's mind at rest. When the sculpture reaches New York, it will come with a leash included. It is missing only because it is sitting on a pavement outside his studio in Florida and he was afraid vandals might remove it. He has figured out a "sandwich" proof means of attaching the leash in time for Manhattan.

Otherwise, Mr Dowd, it would have been \$100, payment without delay.

DAVID USBORNE

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BUSINESS

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BUSINESS REVIEW



STAGECOACH!
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Inside: How the boys from Yahoo! beat Rupert Murdoch and Bill Gates into Cyberspace, page 5
Losing it with flowers: the man who blew £10m, page 4
Who's the most switched on TV executive? page 8

The 12-page Business Review, free every Wednesday

Canary Wharf float oversubscribed
THE FLOATATION of the Canary Wharf office development in London's Docklands is thought to have been at least twice subscribed, prompting its advisers to bring the announcement of the float price a day forward to tomorrow. The company aims to sell a 25 per cent stake to raise about £470m to £585m.

French banks go on offensive

FRENCH BANKS Société Générale and Paribas, who are fighting to keep their merger plans alive following a \$39bn counterbid from rival BNP, will today go on the offensive. Société Générale and Paribas are expected to reveal that the cost savings now look likely to be higher than the Fr800m promised last month.

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FTSE All Share 2807.78 -35.28 -1.24 2935.83 2143.53 2.71
FTSE SmallCap 2395.10 -4.00 -0.17 2795.30 1830.10 3.59
FTSE Pensions 1297.20 -5.20 -0.40 1517.10 1045.20 2.59
FTSE Tech 1040.30 -2.00 -0.28 1145.80 780.20 2.05
FTSE Corporate 1028.33 -56.99 -1.97 3072.27 2018.15 2.05
FTSE Europe 300 1228.62 -1.00 1.33 2070.00 889.63 1.84
Dow Jones 9215.65 -12.35 -1.14 10255.31 7400.30 1.23
Nikkei 16018.60 -329.68 -2.00 17111.89 12787.80 0.88
Hang Seng 11041.01 -66.33 -0.60 11926.16 8544.79 1.77
Dax 6915.03 -112.02 -1.64 8217.83 5823.71 1.75
S&P 500 1372.89 -24.21 -1.87 1323.88 923.37 1.26
Nasdaq 2349.29 -46.24 -1.93 2533.44 1157.09 2.29
Toronto 300 6503.60 -93.07 -1.41 7837.70 5320.90 1.83
Brazil Bovespa 10385.98 -138.32 -1.31 12339.14 4576.69 5.50
Belgium Bel20 3214.60 -76.23 -2.32 3713.21 2696.26 2.05
Amsterdam Exch 533.68 -11.99 -2.13 600.60 366.58 1.84
France CAC 40 4079.47 -117.59 -2.80 4404.94 2891.17 2.77
Milan Mib30 35591.00 -687.00 -1.93 39170.00 24175.00 1.07
Madrid Ibex 35 9728.40 -226.70 -2.28 10988.80 6869.10 1.70
Irish Overall 5373.93 -57.33 -1.06 5581.70 3732.57 1.55
S Korea Comp 614.34 -6.60 -1.09 651.95 277.37 1.00
Australia ASX 2987.60 -2.10 0.07 2996.30 2386.70 3.08

INTEREST RATES

Short Sterling 5.50 5.40 5.30 5.20 5.10 5.00
UK 10 Year Gilt 4.52 4.48 4.44 4.40 4.37 4.34
US Long Bond 5.50 5.44 5.38 5.32 5.26 5.20
At 5pm, German money market rates quoted were:

MONEY MARKET RATES

	3 months	Yr chg	5 years	10 years	10 year bond	Yr chg		
UK	5.35	-2.21	5.27	2.29	4.51	-1.41	4.48	-2.37
US	5.00	-0.85	5.12	-0.50	5.56	0.32		
Fr	0.18	-0.52	0.23	-0.41	1.80	0.03	2.61	-0.81
Germany	3.02	-0.51	3.01	-0.78	4.00	-0.88	4.96	-0.48

CURRENCIES

	S/E	E/S	W/E
1 Euro	1.1525	1.1510	1.1515
1 US dollar	1.4275	1.4290	1.4295
1 Yen	1.1803	1.1793	1.1798
1 £	1.6750	1.6755	1.6760

*From 1/1/99 for euro

OTHER INDICATORS

	UK	US	Yr Ago	
Pound	5.6395	0.6103	-0.38p	0.5961
Euro	1.5010	1.0079	0.00	0.00
Yen	193.47	117.59	218.90	Yen
£/Euro	103.00	0.00	107.50	0.00

Source: Bloomberg.com/uk

TOURIST RATES

A TAKEOVER of Scottish Media Group moved a step closer yesterday after Mirror Group sold its 18.6 per cent stake in the broadcaster and newspaper publisher to Granada, the media and hotels giant, for £110m.

BY PETER THAL LARSEN

price on Monday. News of the sale lifted SMG shares 22p to 865.5p yesterday.

Although rules governing the amount of television advertising that can be controlled by a single broadcaster currently prevent Granada from bidding for SMG, buying the stake allows Granada to block its rivals from mounting a bid while waiting for the rules to change.

The Government is coming under increasing pressure to ease the ownership restric-

tions on ITV companies as Channel 4 faces competition from the exploding number of digital channels. However, the law is unlikely to be changed before the next election.

Although Granada said it had "no present intention" of bidding for SMG, it said it deserved the right to change its stance if another group built a stake of more than 15 per cent.

This means that Granada will be free to bid if one of its rivals buys the 18.6 per cent shareholding in SMG owned by Flextech, the supplier of television channels. Flextech -

which is expected to report a pre-tax loss of around £25m when it reports full-year results today - is thought to have been in talks with a number of potential buyers about selling the stake. CanWest, the Canadian broadcaster, is believed to be interested in taking a stake.

Analysts said the situation was similar to the takeover of Yorkshire Tyne-Tees Television in 1987, when Granada gradually built a 29.9 per cent stake in the ITV broadcaster before finally launching a full bid.

John Allwood, Mirror's chief executive, welcomed the deal.

"It's great news for Mirror Group," he said. "It's clean, and it gives us the money."

Mirror has talked to a number of potential buyers about the shareholding, but settled for Granada because it was offering an immediate deal. Other options are thought to have involved buying both Mirror and Flextech's stakes as a launchpad for a full bid for SMG.

Under the terms of the deal, if Granada sells on the stake in the next 12 months it will have to pass on any profits it makes to Mirror.

Combined with the sale of the former headquarters in Holborn for £46m, which was announced last week, Mirror has reduced its debt load by £150m in the space of a few days.

In a related development, the Independent Television Commission yesterday rejected a claim by British Sky Broadcasting that ITV should be forced to supply its new channel, ITV2, to the satellite broadcaster's platform. ITV2 is currently only available on ONDigital, the broadcaster jointly owned by Granada and Carlton, and cable television.

Outlook, page 19

Granada stalks Scottish with £110m share buy

BTR and Siebe pay £500,000 to become Invensys

BY MICHAEL HARRISON

Business Editor

BTR SIEBE, the merged automation and controls group, yesterday joined the growing band of companies which are adopting meaningless new names by announcing that it is henceforth to be known as Invensys.

The name was chosen after a four-month trawl through 3,000 possible names. The exercise has cost shareholders £500,000 - of which £400,000 has gone on legal search fees and £100,000 to pay the corporate rebranding gurus, Interbrand, Newell and Sorrell.

The company whittled down the 3,000 possible names to a shortlist of five, which was then put to a secret ballot of the board and its 50 most senior executives.

Lord Marshall, the chairman of BTR Siebe, declined to say whether Invensys was the name he voted for. But he was said to be "very happy" with the result of the ballot.

Invensys, which is apparently suggestive of innovation, inventiveness and BTR Siebe's drive towards systems solutions, was "head and shoulders" above the alternatives, a spokesman added.

He conceded that one option would have been to keep the existing name but neither BTR nor Siebe were strong enough brands in themselves, unlike, say, Honeywell and Siemens.

The name change is subject to shareholder approval at an extraordinary meeting in April.

Peter Catesby, chief executive, said the talk had finally collapsed over a supply agreement which, according to observers, would have forced

Swallow to subsidise the buyout team by committing itself to a three-year supply deal.

"The real issue was the difference in value between the alternatives and the management buyout," he said. "The buy-out had to be of benefit to the fact that all the jobs would have been saved."

The collapse of talks followed initial questions in the City over the value to shareholders of the £500,000 price tag for the MBO, which would have included 350 Swallow pubs and the two breweries.

Swallow intends to resume discussions with other interested parties in its efforts to sell the brewery.

The buyout was led by Frank Nicholson, a member of the family which has controlled

Swallow for more than 120 years. Sir Paul Nicholson, current chairman of Swallow, is Frank's brother.

Martin Grant and Neil Gosage were dismissed as chief executive and finance director of the group last month after they raised concerns about the MBO proposal behind the board's back with leading shareholders. One shareholder said their position had been vindicated by yesterday's developments.

Swallow intends to resume discussions with other interested parties in its efforts to sell the brewery.

The buyout was led by Frank

Inflation drop renews calls for rate cut

BY LEA PATERSON

sugared as analysts re-evaluated the chances of another interest rate cut next month.

The data prompted renewed rate cut calls from industry. Ian Peters, deputy director general of the British Chambers of Commerce, said: "The figures strengthen our view that the Bank of England should cut rates by half a per cent."

Analysts warned that the next set of inflation figures, which will take account of Budget increases in tobacco and petrol duty, are likely to be less favourable. The Budget changes could add almost 0.5 per cent to headline inflation, according to the ONS. However, few analysts thought these temporary effects would stand in the way of further rate cuts from the Bank.

Speaking in Manchester last night, DeAnne Julius, a member of the nine-strong Bank of England Monetary Policy Committee, said she hoped flexibility in the service sector would allow the economy to combine a high level of employment with low inflation.

Interest rates were cut to 5.75 per cent in February following the release of the figures, although it later made up lost ground to close at 6.6p. Short sterling

Exercise bikes pedal into the RPI

PRICES OF food processors and exercise bikes have been newly included in the latest inflation figures, as government statisticians struggle to ensure official data reflect changing fashion trends, writes Lea Paterson.

The Office for National Statistics has also deemed dried coffee, television and computer repairs, and electric keyboards popular enough for inclusion in the Retail Prices Index, the official measure of inflation.

Among the casualties are traditional children's knee-protecting casts, which have been replaced in the index by shorter children's jackets after falling out of favour with modern parents. Car brake pads and washing machine repairs also number among the new inclusions.

The exclusions include packet soup and malt vinegar, both of which have been dropped as part of the annual RPI update.

Surveys show that these account for such a small proportion of expenditure that changes in their price have virtually no impact on real income.

Despite the statisticians' best efforts, RPI changes are often slow to pick up on new consumer behaviour. Personal computers were only included last year, while Doc Martens and mobile phones were in every high street long before they turned up in official price measures. Women's cardigans have been reinstated to the index after several years' absence, even though their foray into the fashion spotlight is now well and truly over.

Officials at the Office for National Statistics stress that RPI changes are based on careful study of expenditure surveys, not individual tastes. These reassurances aside, few were surprised yesterday to learn that anoraks have, for many years, been a key RPI constituent.

P&O disposal plan to raise £2bn

BY FRANCESCO GUERRERA

after P&O reported a 14 per cent increase in underlying profits to £415.9m and raised its dividend for the first time this decade.

Lord Sterling, the P&O chairman, said the disposals would bring P&O back to its seaborne heritage and that it could pave the way for a secondary listing in New York. The P&O Nedlloyd containers joint venture, and the bulk of the funds of this company to drive it into the future, he said.

Lord Sterling said the proceeds of the sales would be used to

Robinson takes a step nearer his goal

GERRY ROBINSON, chairman of Granada, has long believed that "there can only be one". Already he's beheaded and absorbed three of the original line-up of pretenders to the title. Now he appears set on advancing north of the border into Highlander territory.

As the ITV franchise-holders wade down through takeover and merger into fewer and fewer players, the question remains - who will eventually emerge as top dog? Mr Robinson thinks that in the end there will be only one, and he's determined that even if Granada doesn't own it outright, it will certainly be the dominant partner. For that title, however, he has still to fight it out with Lord Holford's United News and Media and Michael Green's Carlton.

The acquisition of Mirror Group's 18.6 per cent stake in Scottish Media, owner of the Scottish and Grampian franchises, brings Granada a staggering post closer to its goal. For the time being, the rules seem to stop Granada from going any further. The last reform of the broadcasting legislation allows companies to own as many franchises as they like, provided they keep within 15 per cent of commercial television viewing.



OUTLOOK

Separate competition rules prevent companies acquiring more than 25 per cent of ITV advertising. If Granada were to buy Scottish outright, both these ceilings might be breached. The company claims not; the industry disagrees.

What is not in doubt is that United and Carlton would suffer no such barrier. Certainly United, and possibly Carlton too, would be within the 15 per cent ceiling, and given that United already undertakes advertising sales for Scottish that wouldn't have presented a problem either.

So Granada's move has to be seen as both defensive and offensive. Mr Robinson has bought the stake partly to stop others from doing it, but

also against the day when either the rules change or the advance of multi-channel TV reduces his share of viewing sufficiently below the 15 per cent ceiling to enable outright takeover.

Perhaps the most intriguing question is why neither United nor Carlton tried to outbid him for the stake. The answer to this is that they might have tried to (or at least one of them did), but they wanted to mop up Fleetech's similarly sized shareholding at the same time so that the combined stake could be used as a launching pad for a bid. This proved complex and difficult, so Mirror instead opted for the clean-break, no strings offer from Granada.

For Scottish, then, Granada possibly offers a kind of salvation. Even so, it would do well to remember the line from the movie *Highlander* - "there can only be one" - and the fact that as far as ITV franchise-holding is concerned, it was Mr Robinson who was the first to use it.

P&O clear-out

THREE YEARS ago that old sea-dog Lord Sterling looked to be dead in the water. P&O was a ragbag of lumpy,

underperforming businesses that seemed destined either for an ignominious Hanson-style break-up or oblivion at the hands of a bigger, stronger suitor.

Lord Sterling's very survival on the poor-deck was in question. But he is nothing if not a fighter and by merging the cross-Channel ferry and container businesses, floating Bovis Homes and selling off £200m of property, Lord Sterling slowly restored the P&O balance sheet and his own reputation.

Now with the decision to trim back further to just three core divisions of cruises, ferries and ports, P&O will be more or less back where it started 160 years ago as a pure shipping group. Moreover, for the first time since he backed his Town & City group into P&O in the early 1990s, Lord Sterling will be bereft of any property interests to run.

This latest restructuring, coupled with P&O's first dividend increase in nine years, went down well yesterday. And why not? The flotation of the construction arm Bovis, the sale of Earls Court Olympia, and the disposal of P&O's remaining property interests, should raise around £20m. Further down the track, there is the prospect of another

£200m from the flotation of P&O's share in P&O Nedlloyd.

As for the remaining core businesses, demographics and markets are moving in P&O's favour. When Lord Sterling refers to the growth in cruising he is not thinking of Sunset Boulevard but the expected doubling in the number of US citizens aged between 50 and 59 - the prime market for its Oriana and Aurora cruise ships.

On the downside, P&O will be focused more firmly in cyclical markets.

Meanwhile there is the constant threat of another cross-Channel price war, and the danger that the rising cost of care for the elderly will put a dent in the spending power of P&O's core leisure market. Still, Lord Sterling hardly needs to worry. His is 64 now and must surely be planning his own retirement cruise soon.

Finance fiddle

DAVID RUFFLEY, a Conservative MP on the Treasury Committee, yesterday accused Gordon Brown of fiddling the figures to hide the fact that he raised rather than reduced taxes in the recent Budget. He pointed out,

in the manner of one outraged, that the Red Book could present a falling tax burden only by virtue of classing the new working families tax credit as negative income tax rather than positive public expenditure. Quite right, Mr Ruffley. Power to your elbow.

But hold on a moment. Could this be the same Mr Ruffley who was once at the Treasury as a special adviser to the last Chancellor, Kenneth Clarke? Yes indeed, it does tend to take one to know one. It was after all the Conservatives who decided to class privatisation revenues as negative spending in order to keep down the published share of government spending in GDP.

All governments engage in sleight of hand when presenting the public finances. An experienced scrutineer of the Budget documents knows that a few key tables, mostly in the appendix to the Red Book, tell you all you need to know - although even for the expert, changes in presentation and definitions make it a challenge.

Two weeks on from Budget Day, the political row now raging on whether Mr Brown misled everyone on the extent of the giveaway is shedding little new light on what he actually did.

The shape of the wood is clear behind the mass of trees. First, there is no doubt that a series of tough measures dating back to Kenneth Clarke's November 1996 Budget have raised taxes enough to get public sector borrowing back under control. Mr Brown has retained the excise duty "escalators" his predecessor introduced, along with the plan to abolish tax relief on profit-related pay, and added his own increases such as abolishing the dividend tax credit.

At the same time, the direct tax burden has gone down and new tax credits like the WFTC will put more money directly into the paypockets of many low earners. This year's Budget continued that process. It was broadly neutral but because there was also a small giveaway in lower personal taxes and higher government spending, it ought to add significantly to consumer purchasing power.

In the overall tax burden rising, it is higher than it was before the election, but then public borrowing had to be reduced. As for the future, that depends whether Mr Brown hopes, if it does, then the overall tax burden should begin to fall.

Brown hints at tax cuts still to come

GORDON BROWN insisted yesterday the Budget had reduced taxes, contrary to Opposition claims, and dropped hints of further tax-cutting Budgets.

In tetchy exchanges with Conservative MPs on the House of Commons Treasury Committee, Mr Brown denied charges of "fiddling" the figures published in the Budget Red Book earlier this month.

David Ruffley, a former adviser to Kenneth Clarke, said the tax burden would be higher by the end of this Parliament. He said the published figures had reduced the apparent tax burden by treating the new Working Families Tax Credit as negative income tax. "You've got a lot of room on fiddling the figures," he told the Chancellor.

Mr Brown said even including the WFTC, the Budget had cut taxes between this year and next. "We are reducing the tax burden next year, and as for the forecasts for future years, we are forecasting further falls."

He added: "The forecasts do not take account of the Budget next year and thereafter."

Sir Michael Spicer, a Conservative MP, asked whether

BY DIANE COYLE
Economics Editor

the three Labour Budgets combined had raised or lowered taxes.

Mr Brown said the tax burden was forecast to be lower than under plans published by the previous government.

The latest twist in the row centred on calculations by the House of Commons Library, which excluded certain Budget measures to arrive at a net £100m tax increase over three years.

However, Mr Brown said there would be a net gain in lower taxes over three years. The Government had gone from a £28bn deficit to Budget balance in two years, he told MPs.

The Red Book shows tax and national insurance climbing from 35.4 per cent of GDP in 1996/97 to an estimated 37.2 per cent in the current year, falling to 36.5 per cent in 1999/2000 and 36.7 per cent in the following year.

Adding in the WFTC, which is counted as negative tax, takes the burden for the next two years to 36.7 per cent and 37.2 per cent.

Mr Brown said even including the WFTC, the Budget had cut taxes between this year and next. "We are reducing the tax burden next year, and as for the forecasts for future years, we are forecasting further falls."

He added: "The forecasts do not take account of the Budget next year and thereafter."

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Outlook, this page



Peter Austen, finance director (left), and Richard Holland, chief executive, of Boosey & Hawkes, the instrument maker and music publisher, which yesterday announced a 12 per cent fall in pre-tax profits to £7.1m. Andrew Baumert

RBOS sells global custody arm

BY ANDREW GARFIELD
Financial Editor

THE ROYAL Bank of Scotland said yesterday that it has agreed the sale of its global custody business to Bank of New York for more than \$500m.

The deal makes Bank of New York the largest custodian in the world, with \$6 billion of assets under administration.

Management is one of the largest providers of custody services in the UK. The business employs 1,500 staff, mainly in London and Edinburgh. It has over £400m of assets under administration including the pension fund assets of over half of the FTSE 100 companies.

Explaining the decision to withdraw from the business, Johnny Cameron, the managing director of corporate and institutional banking at RBS, said: "We decided it would be better off as part of a group where this is a core business."

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Legal Notices

NOTICE OF
RESOLUTION FOR
PAYMENT OUT OF
CAPITAL

AWARENET LIMITED

NOTICE IS HEREBY GIVEN in accordance with Section 175 of the Companies Act 1985 that:

1. The above-named company ("the Company") has approved a payment out of capital for the purpose of acquiring its own shares by purchase.

2. The amount of the permissible capital payment is the shares in denominations of £100,000.

3. The date of the resolution for the payment out of capital is 18th March, 1999.

4. A statutory declaration and auditors' report required by Section 173 of the Companies Act 1985 are available for inspection at the Company's registered office and at the head office of the Company, 78 Heson Garden, London EC1N 8JA, before the meeting.

5. Any creditor of the Company may object to the resolution within five weeks immediately following the date of the resolution for payment out of capital by the Court under Section 176 of the Companies Act 1985 for an order prohibiting the payment.

Dated 22 March, 1999.

Mr. S. Shatto, Director

IN THE MATTER OF INTERSTATE SONS INTERNATIONAL LIMITED

formerly CHONG
ASSOCIATES LTD,
SINTEC LTD,
INTERSTATE SONS
LTD

AND IN THE MATTER OF
INTERSTATE SONS 1995

in accordance with Rule 4.108 of the Securities and Exchange Commission ("the Commission") and Rule 144 of the Securities and Exchange Commission ("the Exchange"), notice is hereby given that the audited financial statements for the year ended December 31, 1995, of Interstate Sons International, Inc. ("the Company"), and the audited financial statements for the year ended December 31, 1996, of Interstate Sons International, Inc. ("the Company"), and the audited financial statements for the year ended December 31, 1997, of Interstate Sons International, Inc. ("the Company"), and the audited financial statements for the year ended December 31, 1998, of Interstate Sons International, Inc. ("the Company"), and the audited financial statements for the year ended December 31, 1999, of Interstate Sons International, Inc. ("the Company"), and the audited financial statements for the year ended December 31, 2000, of Interstate Sons International, Inc. 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Shares suffer in another poor day

FOOTsie HAS fallen 275 points since hitting a peak just eight trading days ago. Much of the retreat has occurred in heavy trading with daily turnover usually exceeding 1 billion shares.

So is the stock market merely suffering from an attack of vertigo or is the long decline that the bears have so often predicted at last starting to take place? That is the question occupying market professionals who are undoubtedly worried by the dip since the record 6,335.7 level was achieved.

Their dilemma is increased by the new style market which has evolved in recent months. Last year a 1 billion turnover was the exception rather than the norm. This year volume has topped 1 billion on most trading days.

Many institutional traders are anxious to take a more active role in playing Footsie constituents. They have been

MARKET REPORT



DEREK PAIN

Tokyo's rally were other influences on a market which could have done with some corporate inspiration.

There was again an array of bids and deals outside the Footsie domain. Granada splashed out £110.3m (915p a share) for the Mirror's 18.6 per cent stake in Scottish Media sending the shares 22p higher to 865.5p. Flextech figures today, has an 18.5 per cent SM stake and the market believes, could be happy to accept the Granada price.

Fitch, the design group, rose 21.25p to 59p on a £20 agreed US bid and Jarvis Hotels, another where a possible predator lurks, jumped 26.5p to 158.5p. Leicester City, where a bid seems to be kicking

be sold, putting the cable TV group into play, the shares gained 10p to 263.25p.

P&O was buoyed 45p to 860.5p following results and the appearance of a disposal programme. Iceland's figures left the shares up 5p at 263.5p with Warburg Dillon Read suggesting a 240p target.

Cable & Wireless, ahead of a Henderson Crosthwaite investment dinner, fell 11p to 730.5p and WH Smith dropped 18.5p to 590p after a Merrill Lynch downgrading. Smith's thought to be on the verge of joining companies offering a free internet service provider.

Oils were little changed by the Opec pledge to cut production with BP Amoco hardly moved at 1,020p.

Scottish & Newcastle, the nation's biggest brewer, saw its 19.5p to 67.5p, not far from its 12-month low, on worries that profits are under pressure and a downbeat trading statement

SHERRY FITZGERALD, an Irish auctioneer and property agent embroiled in the country's largest estate agency network, is coming to AIM and bringing it with the euro. The nominal value of its shares will be measured in euros – each will be 0.12 of the currency. The flotation price, presumably in Irish punts, has not been fixed but the group intends to raise £15.5m. The shares will be traded in London and Dublin.

TRADEPOINT, the little stock exchange, is heading west. The order driven, screen-based electronic market, has been given permission to operate in the US, the first foreign exchange to get into the US market. It is suggested that Tradepoint's success is because the Americans were only prepared to accept a small group with little clout. Still, the shares rose 17.5p to 36p, a far cry from the 180p they once touched.

encouraged to do so by the introduction of the computerised order book. It was bound to increase Footsie's volatility. The index's higher altitude also contributes to the now commonplace yawning swings.

Although the jury is still out on the likely market direction there is no doubt that what has always been a difficult read has become much harder.

New York's failure to consolidate, after the briefest of corrections, above 10,000 points has certainly undermined London confidence. But the likelihood of more interest rate cuts and the growing expectation that the economy will be subjected to a soft landing are among the more encouraging signs. The current round of company results have also been much better than at one time seemed likely.

The Dow Jones Average, off more than 100 during London's opening, was largely responsible for the latest fall, taking Footsie 92.3 to 6,965.5. Weak European markets and a sudden end to

SHARE SPOTLIGHT
WH SMITH
Source: Datastream

around, scored a 4p gain to 45.5p.

Property group Greycourt, resisting a bid from George Soros' related Delaney Estates, rose 5.5p to 205.5p.

But Regent Inns was at one time down 21.5p on the failure of its merger talks with rival SFI. Hopes that the pub chain is still in play had reduced the loss to 5p at 167.5p by the close. SFI was unchanged at 193.5p. Swallow fell 10.5p to 258.5p as its plants to the barrel pub floundered with the management buy out team presumably unable to meet the asking price.

Among blue chips Telewest Communications was spurred by thoughts that the 30 per cent stake held by MediaOne, merging with Comcast, will

be prepared. There is talk that Scottish has been saying that City profit forecasts, around £24m for the year to May, are too high. Last year the group rolled out £22m. Tesco, setting up shop in South Korea, firms 2.5p to 166p.

Some waters were strong following an investment conference organised by WestLinc Pannure, Yorkshire Water rose 30p to 457p.

MSB International, the IT group related to Crystal Palace's beleaguered chairman Mark Goldberg, slumped 52.5p to 172.5p after forecasting profits of £11.5m which, it claimed, was in line with expectations.

There was action among some of the smaller exploration and mining shares. Arcon International rose 1p to 13p as its Galway zinc mine in Ireland was given a projected 15 years life, up from 10 years, and Aminex held at 13p after raising £700,000 via a placing.

Specialty chemicals group reported a 12 per cent fall in 1998 pre-tax profits before exceptions to £33m, on sales marginally higher at £354.9m. The figures were depressed by an £18m exceptional loss on the disposal of three businesses, leading to an overall profit figure

of just £14m, down 64 per cent on 1997.

The disappointing figures forced Croda to leave the dividend unchanged at 10.25p.

The chairman Keith Hopkins said the results had been severely affected by the difficult trading conditions in many key markets. A collapse in demand in the financially-striken Far East caused a profit shortfall in Croda's industrial chemicals division, which produces paints, inks and fire-fighting products.

The company's core specialty chemicals division, which supplies high-technology products to pharmaceuticals and cosmetics companies, was also hit by lower Asian demand, with sales in the region down 15 per cent. The unit's problems were

Iceland's bright ideas bring booming sales

BY ANDREW VERTERY

ICELAND, the high street food retailer, trumpeted the vindication of its strategy of putting "the heart before the head" yesterday when it posted a double-digit increase in sales for the second successive year.

The group said successful experiments with home deliveries, coupled with a high-profile stance on genetically modified foods, had contributed to a 12 per cent increase in "same condition" sales in the year to January – three times the level of its nearest rival, Tesco.

Shares rose 3.6 per cent to 283.5p on the back of a 27 per cent increase in profits at Iceland, which until two years ago was thought to be nearing the end of its shelf life.

Malcolm Walker, chairman and chief executive and the founder of the chain, said the jump in sales was the fruit of a series of intuitive decisions, against the grain of conventional retail wisdom.

Iceland has also been helped by key management changes, with the appointment of Russell Ford as trading director and Andrew Pritchard as group finance director. Bernard Leigh, the deputy chairman, will retire this year.

Mr Ford has pushed through changes to Iceland's style, eschewing price competition in favour of "pulse racing deals", such as two chickens for the price of one. Staff have been asked to be more informal, joking with customers to separate themselves from the drab formality of the supermarkets.

An ethical stance on GM foods – guaranteeing no genetic modification – was worth millions in publicity value. After that point that Mr Walker decided on a radical change of strategy.

The first initiative, home delivery, was introduced in 1997. It showed instant results. Iceland's four million customers could have their shopping delivered to their home, at no charge, after selecting items at a store. Home deliveries, now costing £1, represent 11 per cent of Iceland's sales – and the service is growing in popularity.

Iceland has also been helped by key management changes, with the appointment of Russell

ICELAND: AT A GLANCE

Market value: £495.4m, share price 283.5p (+8.5p)

Trading record 1994 1995 1996 1997 1998

Turnover (£m) 1,926 1,926 1,927 1,950 1,941

Profit for the year (£m) 70.2 72.6 56.2 43.5 55.1

Earnings per share (p) 15.7 15.4 12.2 11.0 18.1

Dividends per share (p) 4.2 5.3 5.4 5.4 5.8

Share price (pence)

Industria comparisons % Same condition sales

1200 —

1000 —

800 —

600 —

400 —

200 —

0 —

Source: Datastream

rate themselves from the drab formality of the supermarkets.

An ethical stance on GM

foods – guaranteeing no genetic

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Iceland has also been helped by key management changes, with the appointment of Russell

Morse debut on London exchange

BY PETER THAL LARSEN

MORSE, the reseller of powerful computer servers, yesterday made a cautious debut on the London Stock Exchange after setting its flotation price at the lower end of the pricing range.

Morse shares, which were placed with institutional investors at 250p each, rose 2p to 252p in conditional dealings. Morse had planned to price the shares, which do not start trading fully until next Tuesday, at between 250p and 300p.

Analysts said the flotation had been hampered by signs of a slowdown in the computer market in the United States, fears of a second-half slowdown in the UK, and the poor performance of Syntac, the computer services group, after its flotation last month.

However, observers said the low price attached to Morse shares meant that they were likely to perform well in the next year.

As a result of the lower price, 3i and PFM Ventures, Morse's venture capital backers, decided to hold on to more of their shares. Some fund managers had complained that the investors were selling too large a stake.

At a share price of 250p Morse is valued at £205.7m. The flotation raised £60m in new money for the company, which it will use to pay down debt and help fund its recent acquisition of a minority stake in Partner System, a French reseller.

Duncan McIntyre, the chief executive, said the group's main priority was to use its position as the leading reseller of Sun Microsystems servers to expand its operations in France and Germany.

"We want to become a European company and start exploiting our services business, which is currently only 5 per cent of revenues," he said.

Analysts said Morse is more vulnerable to fluctuations in demand than services groups, which tend to have stable order books.

However, they pointed out that, on a multiple of 23 times earnings for the year to last June, the shares look an attractive prospect.

Croda to cut costs as profits fall

BY FRANCESCO GUERRERA

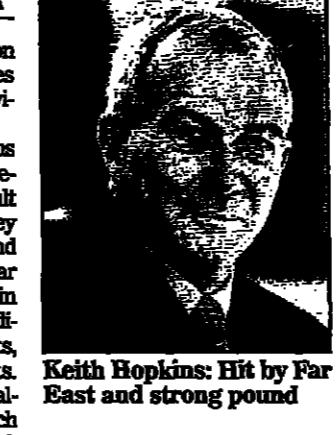
of just £14m, down 64 per cent on 1997.

The disappointing figures forced Croda to leave the dividend unchanged at 10.25p.

The chairman Keith Hopkins said the results had been severely affected by the difficult trading conditions in many key markets.

A collapse in demand in the financially-striken Far East caused a profit shortfall in Croda's industrial chemicals division, which produces paints, inks and fire-fighting products.

The company's core specialty chemicals division, which supplies high-technology products to pharmaceuticals and cosmetics companies, was also hit by lower Asian demand, with sales in the region down 15 per cent. The unit's problems were



Keith Hopkins: Hit by Far East and strong pound

compounded by a sharp rise in the price of vegetable and palm oil imposed by Indonesia.

Croda's plight was deepened by the strong pound, which last year wiped nearly 10 per cent of

PEOPLE AND BUSINESS

BY JOHN WILLCOCK

tar. It's not all KPMG however; as on keyboards we have an interior from Arthur Andersen, in the shape of Jonathan Middup, a forensic accountant.

The band does have one link with the real music business. The drummer is Richard Whitehead, a PR man with the firm, plays bass in the band, which is due to play its brand of "covers" this Friday for Phil Smith's leaving do at the City Hall in Bride Lane, off Fleet Street (53 at the door).

Mr Whitehead points out that the band played Wembley a month ago. The effect is somewhat punctured when he explains it was in the foyer of the Wembley Conference Centre for a KPMG reception for small businesses.

Another KPMG tax manager, Rob Grant, plays lead gitar

boardroom shake-up at HMV Media Group. David Kneale joins HMV as managing director of Waterstone's from the Books Company, where he is managing director for international retail development.

The move follows the departure of the current chief executive at HMV Media, Stuart McAlister, due to ill health.

Mr McAlister headed HMV Media since it was created by a management buyout last March. Alan Giles, who was running the group with Mr McAlister as well as managing Waterstone's, becomes sole chief executive.

Meanwhile Peter Hammonds, company secretary at NatWest, took exception to being described as "a banker",

despite having worked over 20 years in the industry, much of that with Sir Brian Pitman, chairman of Lloyds TSB.

"I may work for banks, but I'm a died in the wool company secretary," Mr Hammonds protested. Perhaps he should start a rock band.

Good timing

MARK CHERRILL, an independent financial adviser who is about to join the City office of Marcus Neville Russell, the accountants, is a worried man. His joining date of 19 April coincides with the automated share settlement system, which he now heads.

Also wishing Ms Nott well was Daniel Godfrey, director general of the Association of Investment Trust Companies, who is currently embroiled in a very public row with the head of Electra over the hostile bid for that trust by 3i.

Meanwhile Peter Hammonds, company secretary at NatWest, took exception to being described as "a banker",

E-mail: j.willcock@independent.co.uk

COMPANY RESULTS

Name	Turnover (£m)	Pre-tax (£m)	EPS	Dividend	Pay day	X-Date

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SPORT

'Billie-Jean came up and said: 'Come on Sue, it's your championship now', and I thought: 'Blimey, she's right'

Barker's happy return to the fore



THE BRIAN VINER INTERVIEW

WHEN I arrive at Sue Barker's house, deep in the Surrey countryside, she and her husband, Lance, are out, taking one of their dogs to a nearby veterinary surgery. This is a coincidence, because the last time I spoke to Barker, she told me a cracking story about Laura Bruno, wife of Frank, who had recently taken one of the family rottweilers to the vet. "Name?" said the receptionist. "Bruno," said Laura. "No," said the receptionist, heaving a great exasperated sigh. "I don't mean the dog's name."

Anyway, Barker's absence gives me the chance to poke around in shameless *Hello!* magazine fashion. The house, as Dan Maskell might have said, is an absolute peach of a place - a listed building, stockbroker-belt cottage, with mulioned windows and magnificent chimneys. The gardens are similarly splendid and there is a spanking new tennis court in an adjacent field. Barker has not swung a racket for three years, but has promised Lance that she will blow the cobwebs off her forehand this summer. We tend to forget that it was a formidable forehand, voted the best in the women's game five years in succession. "Billie-Jean King used to take me out on court and say that she just wanted to watch my forehand," says Barker, who has returned from the vet's with fulsome apologies. "You can't get greater praise than that."

Indeed. For a time in the mid-Seventies, Barker was ranked No 3 in the world. In 1976 she won the French Open, and until her unexpected defeat by Betty Stove in the 1977 Wimbledon semi-final, she teetered on the brink of greatness. Yet she suffers by association with a period when British tennis languished in the doldrums. She was, wrote that respected tennis analyst, Clive James, in 1981, "the most spectacular exponent of the baseline bossa nova, the dance performed by British female players when they are about to receive service... often bouncing up and down more than 30 times before lunging sideways to intercept the service and hit it out".

Funny but harsh. Because although Barker never quite overcame an erratic streak, she was considered, for the best part of three years, to be one of the top five women players on the planet. And for that, she had a fellow Devonian to thank, the notoriously severe Arthur Roberts, who had coached Angela Mortimer to three Grand Slam titles between 1955 and 1961. He spotted Barker in 1966, when he visited her convent school and chose two girls with potential. She was 10 years old and his second choice.

"Everyone was terrified of him," she recalls. "My parents weren't allowed to watch me practise, and he



'After being challenged all my life, suddenly there were no challenges,' says Sue Barker, now a successful broadcaster, of life after tennis Richard Young

would brook no interference whatever." He was just as uncompromising with the tennis establishment. When Barker was 13, the Lawn Tennis Association's national coach advised her - foolishly, as it turned out - to rebuild her forehand. "I was told that I played it too close to my body with a bent elbow, but Mr Roberts refused to change it and resigned from the coaches' association in protest."

He is long gone, but still she refers to him respectfully as Mr Roberts. He was her mentor, her muse even, but never her friend. And when she left to play in tournaments on the Continent, he handed her a one-way ticket only, insisting that she had to earn the fare home. "He was always at the end of a phone and would wire the money if absolutely necessary, but he wanted me to have to make that grovelling call. And when I got back I'd go and sit in his office and he wouldn't talk to me. I'm not sure he was a tremendous coach, but he was certainly a tremendous psychologist."

By the time Barker was 17 - and 21st in the world rankings - Roberts told her that she would only improve

by settling in America. "I was so excited I remember my parents seeing me off on the platform at Paignton station. My mum was crying and I was trying to cry, but I

couldn't. I was just thinking of California." On her 17th birthday she had joined Mark McCormack's IMG, who provided her with a furnished townhouse in Newport Beach, just

south of Los Angeles. One of her neighbours was the newly retired Rod Laver, who saw her practising and asked if he could hit with her the following day. It was the middle of the night in England, but a few minutes later, quite forgivably, Mr and Mrs Barker got a you'll-never-guess what phone call. "I was so thrilled," Barker recalls. "He was such a mega-hero."

Those were heady days for a girl from Torquay. She bought a Jeep and joined the John Wayne Tennis Club, not that she ever set eyes on the great man. If she had, he might have been forgiven for drawing "Get off the court and drink your milk." For Barker was a particularly young and impressionable 17, and it is to her everlasting credit that she not only survived in America but thrived. "I can't pretend I was welcomed in with open arms," she says. She giggles. She is a serial giggler. "Perhaps that is not the best expression for women's tennis," she adds.

Arthur Roberts had warned her about locker-room lesbianism. "But he had painted such a gruesome picture. He told me there was a good end and a bad end of the locker room, and that I should always check whose bag was next to mine. So I'd go in and, oh my word, I'd be checking the bag next to mine, absolutely paranoid. Even as a junior I'd known which players were and which weren't, because everyone talked. And people like Billie-Jean and Rosie Casals were open about it anyway. In all my years I was only approached once. I'm not sure if I'm proud of that or not. And I'm not going to say who it was. It wasn't blatant, I was just touched in a way that didn't feel right. Rosie, who was a friend, would come over and ruffle my hair; but it wasn't like that. Nothing was said. I think she wanted to see what reaction she got..."

In 1974, as Barker prepared for her first Wimbledon, Roberts again mislaid his protégée. He told her that her first-round opponent, an Indonesian girl, had a feeble backhand. "So I hit it to her backhand and she hit it back forehand. I thought: 'Crikey, she's left-handed.' So I hit it to the other side and again she hit a forehand. She was ambidextrous. She didn't even have a backhand. I looked over at my coach and he was sitting there with

'Five years ago nobody could name the top 10 women. Now, as well as the old guard, there's the Williams sisters, Kournikova... I think it's great'



Please end bias against Boro

Sir: I can't help but notice a serious bias in your reporting. I am a Middlesbrough supporter, and while I can understand that the most interesting matches will be the ones between the title chasers - Man Utd, Arsenal, Aston Villa *et al* - the *Independent* should surely take each match on its merits and forget the teams playing.

However, Middlesbrough always seem to be the last team mentioned. In last week's Sport section (15 March) they are on page five, along with the First Division reports. Even when the Boro do pull higher into the pecking order, it only seems to happen when another team have thrashed us; see the Everton match this season. Everton is another team which is supposedly unfashionable, and yet the *Independent*'s writers gloriified in the 5-0 Boro loss.

Why is it that everyone hates the Boro? I could understand it if

everyone felt that way about Chelsea, but Boro are a hard-working, open and friendly team who do a lot for their community. Steve Gibson is also one of the best chairmen in the Premiership. Middlesbrough had its own local television channel, Boro TV, way before anyone else, and yet when Manchester United got a TV channel it was on the back page. Gibson has stood behind the manager, Bryan Robson, and built one of the best stadiums in the country, as well as turning Middlesbrough into a true Premiership outfit.

Robson was one of the best international midfielders around, and it must be remembered that he has only been in the job five years and is improving all the time (ignoring our usual post-Christmas slide down the table).

Sir: The Football League has repeatedly claimed that the Worthington Cup, and before that the Coca-Cola Cup, was a competition worthy of keeping. Clubs such as Manchester United and Arsenal have been threatened with fines for fielding weakened teams.

It does seem very ironical, then, that two Premiership games were played on the same

SPORTS LETTERS

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I think it is interesting how teams can be perceived as fashionable and unfashionable, but I don't think that should affect the way they are portrayed. Look at the football, not the reputation.

ED KERTON-DARLING
address supplied

A worthy cup?

Sir: The Football League has repeatedly claimed that the Worthington Cup, and before that the Coca-Cola Cup, was a competition worthy of keeping.

Clubs such as Manchester United and Arsenal have been threatened with fines for fielding weakened teams.

It does seem very ironical, then, that two Premiership games were played on the same

day as the final. The Manchester United-Everton game even started at the same time. If the Football League and Premier League make this type of statement about the Cup's status, there is no argument for fines being a deterrent. More importantly, what will Uefa think about granting its winners a Uefa Cup place?

GARY JACOB
St Catherine's College, Oxford

Good going

Sir: A few weeks ago one of your racing correspondents - Chris Corrigan - had the foresight to tip Go Ballistic as a value each-way bet at an expected 50-1 for the Cheltenham Gold Cup. His reasoning - recent, improving

form over course and distance; a track record in the race - seemed sound, and I'm pleased to say that I followed his advice.

As no other tipster even mentioned Go Ballistic, I was able to place a modest wager (£10 each way) at 66-1. Unfortunately I was unable to attend the meeting, so this bet had to be placed by phone while I watched the race on television.

However, when Go Ballistic cleared the last fence in the lead I did exactly as the name suggests. That See More Business had greater staying power up the hill only marginally reduced the excitement and did not detract from the satisfaction I obtained from the result. Congratulations. I await further pearls of wisdom.

TONY RILEY
Malpas, Cheshire

Bad behaviour

Sir: Nothing to do with the eventual result, of course, but have you given any thought to the fact that the patriotic

American public (and, perhaps, a patriotic American judge) at Madison Square Garden may not have taken too kindly to their national anthem being roundly booted by British fans while our anthem was greeted with respect.

Nor could the recent French lesson dished out at Wembley have anything to do with the World Cup winners hearing their beloved "Marseillaise" desecrated by boozing and whistling from large sections of the home fans.

So come on, lads. Saturday gives you another chance to

display your talents as the most unsporting fans on the planet. Boo their anthem and inspire the proud Poles to heights they could never otherwise be expected to achieve.

GERARD HUNT
Hemel Hempstead, Herts

The dark side

Sir: Chris Hewett's defence of Martin Johnson cannot be applauded. This terrific second row forward has a dark streak in him and the recent incidents in which he has been involved are not even representative of his worst moments.

I have played with big men like him and I could never understand why some of them resort to the cowardly punch or boot.

He is a good player but I would not be surprised to see him sent off soon when he really overstepped the mark (or someone's head). Getting petulant in his old age?

RAFI HUSSAIN
Newham, Kent

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THE INDEPENDENT



Jody Scheckter, the 1979 world champion, plans to use his standing in Formula One to help his sons, Toby (centre) and Tomas to progress in their motor racing careers

Mark Chivers

Scheckter develops a dynasty

JODY SCHECKTER was never renowned for reticence. He's remembered almost as readily in this country, at any rate - for the pile-up he triggered at the start of the 1973 British Grand Prix as for delivering Ferrari their last driver's world championship, 20 years ago.

On and off the track, he was the quintessential South African: self-assured, forthright, uncompromising. The passing years have scarcely blunted his sharp edge, although those close to him maintain he has mellowed.

But circumstances? Palpably not. Invited to comment yesterday on the state of play at Ferrari, he suggested his former employers ought to find a new team-mate for Michael Schumacher; someone capable of pushing the German to greater heights. Since Schumacher's present partner is Northern Ireland's Eddie Irvine, who won the opening round of the championship in Australia, earlier this month, that represents a contentious statement.

Ferrari, like the reputation

for causing mayhem, is permanent baggage for Scheckter. He carried it with him to London, where he appeared in a less familiar guise than that of the caring father. In common with many of his peers, Scheckter maintained he had no desire to see his offspring follow in his tyre tracks, yet here he was, introducing motor racing's next dynasty.

His sons, Toby and Tomas, rejected golf and other more mundane careers, opting instead for the circuit. Toby, 20, is competing in this season's highly competitive British Formula Three Championship, the 18-year-old Tomas in the European nursery series, EFDA. They will race under the Jody Scheckter Racing banner, though as part of separate teams. Dad provides the name and publicity and that, in turn, is supposed to generate the necessary funding.

"Their toys are much bigger and better than I had at their age. But you have to do it professionally. If you don't you never win, unless you're Schumacher. But there's only one of those in Formula One now."

Scheckter has seen some of himself in Toby ("the fear of defeat") and other of his characteristics in Tomas ("he spends too much time on the grass").

He expands: "Toby is very quick, but he doesn't have as much natural talent as his

brother Tomas is a real racer, more of my style. They're both got potential, and if you're in single seater racing you have to aim for the top, that's Formula One. Sure I get that feeling in

the stomach. Any father would. It's a dangerous sport. But you have to accept it."

Yes, he would like to see them drive for Ferrari one day, but only if the Italian team



The remains of the pile-up involving Jody Scheckter's McLaren that halted the 1973 British GP at Silverstone

have enjoyed that, just as he makes no bones about the fact he still wallows in the distinction of being Ferrari's last champion.

"They've got to do it this year," he said. "Mind you, that's what I said last year. Ferrari do a great job, but McLaren had the advantage last year and it looks as if it's a similar situation this year."

Not that the young Scheckters are dreaming beyond their means. They know they have some proving to do before that. They also stress they are racing because this is what turns them on.

"You've got to do it on your own," Toby said. "The family name doesn't guarantee anything. I create my own pressure to do well. It's nothing to do with dad. People are always asking about him, but I want this just as much as any other guy out there."

Tomas admits he is prone to taking the agricultural line.

"It's true, I do go on the grass a lot. I shunted the car five times in eight tests last year. All I think about is going forward, putting pressure on the driver in front of me, forcing him into a mistake."

Dad, out of earshot, would

DRUGS IN SPORT

BY MIKE ROWBOTTOM

PAUL SUPPLE, a former British weightlifting champion, has been cleared of a doping offence in a case which appears to raise awkward questions about the testing procedure employed.

Supple, national champion at the 94kg weight in 1994 and 1995, has now resumed training for next year's Olympics, seven months after being suspended following an adverse finding for illegal testosterone levels.

His suspension, which was confirmed by a disciplinary hearing of the British Amateur Weight Lifting Association on 21 November, was revoked on appeal. The appeal committee which met on 13 March concluded that the standard procedure for verifying testosterone findings had not been carried out by either BAWLA or the UK Sports Council, the body responsible for the testing programme.

According to the International Olympic Committee doping rules under which BAWLA operates, any sample where the testosterone to epitestosterone ratio is greater than 6:1, the legal maximum, a further investigation and/or examination has to be carried out before findings can be declared a result.

A statement issued yesterday

by Supple's legal representatives said the BAWLA appeal committee "decided that they were not satisfied that further examination had taken place and had therefore lifted the suspension."

"We are considering whether any action should now be taken on Paul's behalf," said Fraser Reed, Supple's legal representative.

"He has had to endure seven months of anxiety before his name has been cleared. It meant he had to miss last September's Commonwealth Games in Kuala Lumpur, where he would have been a potential medal winner."

"This case has shown up a lot of irregularities in the test procedure. It isn't clear whether the responsibility lies with the UKSC or BAWLA." A spokesman for the UKSC said he was unable to comment as the Council was still awaiting official notification of the appeal findings from BAWLA.

Scheckter nominates Giancarlo Fisichella, Benetton's Italian driver, as a candidate to join Schumacher but maybe if they are patient enough there will be another Scheckter along to

help them out.

of a four-year ban. Her defence also succeeded on procedural grounds, although in her case the irregularities centred on the incorrect storage of her sample by the organisation responsible, the International Amateur Athletics Federation.

■ Doug Walker, who produced

an adverse finding indicating illegal steroid levels in December, is expected to find out

today whether he has a case to

answer. The evidence was

weighed yesterday by a UK

Athletics committee comprising

Michael Beloff QC, former

British athlete and team manager; Joan Allison, and medical experts Professor Hugh Makin and Professor Vivian James.

The Scot, who won the European 200m title last summer,

has not competed since the

test was announced, even

though he is legally able to. He

has denied knowingly taking any banned substance.

Virgin back 'relieved' Mackenzie

THE PROSPECTS of Niall Mackenzie competing for a fourth successive British Superbike title were sinking faster than a lead balloon until the timely intervention of the Virgin millionaire, Richard Branson.

The three times champion and former grand prix rider has been the series' dominant figure for the past three years. Yet until last week, the Scot's Yamaha team, whose sponsorship deal with Cadbury's Boost was wrapped up at the end of last season, were without the corporate backing required to mount another viable challenge.

Enter the publicity conscious tycoon and the offer of a

MOTORCYCLING

BY ANDREW MARTIN

financial lifeline that ensures Mackenzie and his No 1 plate will now appear in the 12-round campaign that opens at Brands Hatch on Sunday.

The veteran rider was beginning to wonder if he would be racing again when news of the deal reached him in Jerez, Spain where the team - newly christened Team Virgin Yamaha - was testing its shiny new YZR-R7 machine.

"The team had been trying to find a sponsor but we still hadn't secured anything by last

week," Mackenzie said yesterday. "I was really surprised that we'd gotten into that situation with our track record."

Understandable. Mackenzie is now a happy man - "relieved is an understatement" - after a few nervous months and an exercise in financial brinkmanship that has inevitably hampered preparations for the coming season.

"Our testing of the new bike has been limited because we didn't have a sponsor and it's been a mad rush to get a new set of leathers, but it's finally fallen into place," he added.

Never one to miss a PR opportunity, Branson issued

an effusive statement yesterday to herald the deal. "We couldn't resist the temptation of supporting one of the finest riders in a generation," it read.

Mackenzie's talent is undisputed and acquiring the backing of the ambitious Branson - the thwarted global balloonist also owns a sizeable chunk of the London Broncos rugby league club - is a notable coup.

Mackenzie will need all the backing he can muster as this season he faces fierce competition from James Hayden's works-backed Suzuki and the Ducati-mounted Troy Bayliss as well as the Kawasaki pairing of Chris Walker and Steve Hislop.

GRANT HACKETT broke the oldest world record in men's swimming yesterday, the 200 metres freestyle, at the Australian national championships in Brisbane. Swimming the first leg of a 4x200m relay, the teenager shaved two-hundredths of a second off the 1:46.69 mark set by the Italian Giorgio Lamberti at the European Championships in Bonn in August 1989.

Hackett, the world 1,500m champion, appeared astonished when he saw his time of 1:46.67, before throwing his arms out in triumph. "I'm just amazed at what I've done because I'm not a sprinter," said

Hackett, who swam the second fastest time in history for the 400m on Saturday, beating Hackett in the process. However, he was well beaten in the

Hackett's world record

SWIMMING

Hackett, who won the individual 200m freestyle on Monday ahead of Ian Thorpe and Michael Klim.

The 18-year-old had never won a major 200m race before he upset Klim, world champion at the distance, and Thorpe, world champion at 400m, in Monday's race. Then he was inside Lamberti's world record schedule at the half-way mark before tiring.

Thorpe swam the second fastest time in history for the 400m on Saturday, beating Hackett in the process. However, he was well beaten in the

individual 200m by Hackett, whose winning time on Monday was just 0.3sec outside the Italian's old record.

Hackett's achievement overshadowed another record-breaking swim by Susan O'Neill, who broke the longest-standing record of all last month when she eclipsed Mary T Meagher's 18-year-old mark for 200m butterfly in a short-course pool. Yesterday O'Neill, who also holds the world and Olympic titles in butterfly, broke her own record.

The 18-year-old had never won a major 200m race before he upset Klim, world champion at the distance, and Thorpe, world champion at 400m, in Monday's race. Then he was inside Lamberti's world record schedule at the half-way mark before tiring.

Thorpe swam the second fastest time in history for the 400m on Saturday, beating Hackett in the process. However, he was well beaten in the

TOMORROW

Westwood warms up for golf's 'Big One'

Andy Farrell reports from Florida

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Ibrox in ring for rematch

BOXING

IBROX STADIUM in Glasgow yesterday became the latest venue to emerge as a possible contender to stage the Lennox Lewis-Evander Holyfield heavyweight unification rematch.

Lewis's promoter, Panos Eliades, and his manager, Frank Maloney, are to meet officials of the stadium's owners, Rangers football club, tomorrow for discussions about hosting the fight.

Yesterday Maloney had talks with Tom Shorey, the sales director of the new 75,000-capacity Millennium Stadium in Cardiff, with a view to staging the fight in the Welsh capital, where Lewis stopped Frank Bruno in October 1993 in his first term as World Boxing Council champion.

Eliades, though, still believes Las Vegas will emerge as the favourite location. It is believed that the newly opened Mandalay Bay Hotel, which contains an 18,000-seater arena, is showing a big interest in staging the

Nevada investigators are primarily concerned with whether the money was bet on behalf of one individual or group by so-called "messengers" bettors, which is against Nevada law.

Meanwhile it has emerged that a late flood of bets, said to total more than \$1m (£635,000), were placed on Holyfield just before he stepped into the ring with Lewis, drawing the attention of investigators.

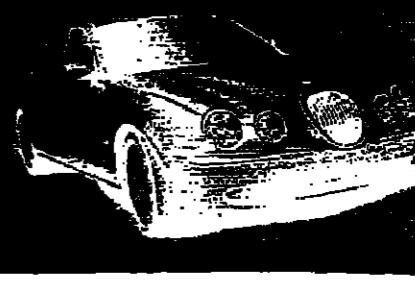
The Nevada Gaming Control Board has confirmed that it is investigating money placed at a number of Las Vegas betting outlets in the hours before the fight in New York on 13 March.

Almost all of the bets were refunded after the fight was ruled a draw, even though Holyfield appeared to have lost.

The probe by gambling regulators comes on top of investigations by a Manhattan grand jury, a state Senate committee and the New York State Athletic Commission.

Maloney has cooled down since the fatal night. "A lot of things are said in the heat of the moment, and anyone can make a mistake," he said. "He's got a job to do; I've got a job to do."

"He's never made a bad decision in any of my fights in Britain and I've never questioned his integrity. When we meet again I'm sure we'll shake hands. He is an ordinary guy who loves the sport of boxing."



24/3/99

كفا من الاداء

Horses to follow: The leading trainers on the level select the thoroughbreds most likely to succeed this season

Stable propositions for Flat profit

Interviews by Richard Austen

The Flat season on turf starts at Doncaster tomorrow and will be punctuated through until the season concludes at the Yorkshire venue in November, leading trainers have picked their best prospects for the months ahead. The same exercise this time last year yielded these comments from Luca Cumani: "High-Rise is a nice three-year-old by High Estate who won a seven-furlong maiden at Doncaster. He is going to stay a mile and a half." Evidently - High-Rise scored at Pontefract (2-1) and Lingfield (15-8) before winning the Derby at odds of 20-1.

IAN BALDING

Al Azhar didn't race last year - he had a broken bone in his leg - but he's a real nice horse, going like a bomb. He'll be in handicaps initially, but is probably a Group-class horse at a mile and a half. Night Shot makes his return on Thursday. He won't quite be ready, but is a real decent handicapper who could go on to Group-class. For a mile, there's Pantar, third in the Cambridgeshire.

HENRY CECIL

Royal Anthem did well last year, winning four times, including the Canadian International and the King Edward VII at Royal Ascot, and was also third in the King George. Hopefully, he will develop into a leading contender for the top flat races, and it is not out of the question that he will be able to give a good account of himself over 1m2f. Killer Instinct ran last year when second at Ascot. A highly rated colt by Zafonic, unfortunately he had a setback. He seems fine now and is a horse worthy of another chance. I feel he should be effective over 1m, but could stay at least 1m2f.

MICHAEL BELL

Regal Exit only ran twice last year for Mick Channon and was third in a maiden at York. I know Mick always liked him and he seems, in what we've seen so far, to be potentially high class - at 1m to 1m2f I'd say. Hob No was a progressive horse last year and he seems to have strengthened up over the winter. I think he's on a pretty nice handicap mark.

JACK BERRY

I'll try and pick you out a couple of sharp two-year-olds. Swing Of The Tide is by Sri Pekan, and Susie's Flyer is a half-sister to Selhurst Park Flyer by a first-season sire, Primaire - I'd never heard of it before. If you want two older horses, I'd go for Angie Baby and Iris May.

CLIVE BRITTAINE

Invader, by Danehill, ran a couple of times last year and showed a bit of promise, but he's done tremendously well through the winter and I don't think we've seen anything near the best of him. He's certainly a Group horse in the making. Thunder Sky ran some very good races and he could be another Group horse. I think Invader could get 1m2f/1m4f, and Thunder Sky I'd be almost certain he'd get 1m4f.

PETER CHAPPLE-HYAM

I'll go straight to the top: Commander Collins. He'll go to the Guineas first time out; a nice horse who was very weak last year and can only get better. The only worry is him getting 1m4f, because he's a half-brother to a Breeders' Cup Sprint winner, but he should fit, his brother got it. Brancaster won two races last year. He was very immature. We'll probably run in the Craven, then see what happens. Bienamado will be aimed at a Derby somewhere.



'Commander Collins was very weak last year and can only get better' - Peter Chapple-Hyam

Ed Whitaker

ROGER CHARLTON

Borgia (not to be confused with the German mare of the same name) is a 4yo filly from a late-maturing family. She is a half-sister to Tutchester expected to come into her own in 1m4f-plus handicaps. Seunne won a backend maiden at Leicester, is now qualified for handicaps and should be suited by 1m to 1m2f.

PAUL COLE

Markan ran inexplicably badly at Ascot, and then he won nicely at Newbury. He's entered in the Classics. He's got no Group form as such, but he's a jolly nice horse and we've done well with Affirmed horses here. A horse who's in particularly good form this year is Carry The Flag. He got jarred up in the Italian Derby - and later in the July course. Adnara is a very

LUCA CUMANI

For top quality, you'd better go for Kissogram. She won't run a lot, but when she runs she'll run very well - she's just going to have a few well-chosen targets, mostly towards the end of the season. For one less exposed, you could go for a horse called Silver Robin. He had one run at the second at Doncaster and was second at the backend, finishing strongly. That was over 7f and he will be a 1m4f horse.

ED DUNLOP

Al Nahas is by Mr Prospector out of Forest Flower. He was second at Newbury and then won a maiden here at Newmarket. He has been entered in all the Guineas - whether he will actually stay a mile, we will only know in time for the trials. He's got a lovely temperament. Date

is by Cadeaux Generaux. He ran in a maiden at the July Meeting and finished third. A big, strong horse, who has done very well, he never ran again last year. The ground was very firm at the July Meeting, he jarred his knees and we put him away. He'd want cut in the ground.

JOHN DUNLOP

I suppose you'd better put in Mujahid, he's the champion two-year-old. We're pleased with the way he's gone so far. Obviously, the objective will be the Guineas. I would think a run beforehand and I would probably prefer the Craven. On paper, he needn't necessarily get the mile, purely on pedigree. But he won the Dewhurst by staying and it's a stiff seven furlongs there and an easier mile on the July course. Adnara is a very

well-bred 3yo by Nashwan, a half-brother to Hernando, and he won his last two last year like a nice, improving staying horse. He just could be a Derby horse.

THOMAS EASTERBY

Flanders and Pipalong have done well. Double Action would have a good chance of having a decent season. Jo Mell is in good form. I think he might just struggle if he gets into Group class, but the prize money is good in these big handicaps isn't it? With a gelding, that's what you look at. There's no good going for the gelding and getting a little bit - you might as well go for the big one and get the money.

LES EYRE

We're a nice 3yo called Amaranth and a 4yo called Caram-

an

JOHN HILLS

Casino Royale is a half-brother to Crimson Tide. He's a late-

lyish ones for you.

be. Carambo won at two, but was never right last year. She's been away home, come back and looks a million dollars. I just have a feeling she could be the horse of the year this year. With Carambo you're talking 7f, good/good to soft ground, and with Amaranth 5f/7f.

JAMES FANSHAW

Persian looked quite progressive, then went wrong, but he's filled out from three to four. Musician is a Shirley Heights filly out of a tough mare called Rose Alto. This filly was pretty immature last year and has strengthened up quite a lot.

maturing horse by Royal Academy and finished third in a maiden at Donny on the back end. He's got a bit of size and a lot of quality and is a horse I'm hoping to keep on places. The other one to keep a close eye on is a filly called Nicely. A 3yo filly Bushino out of a half-sister to Terunno. She won what was not a particularly competitive maiden at the back end at Bath. If she comes through her prep then we might have a crack at something like the Cheshire Oaks. I'm not saying she's an Oaks filly, but I think she's a filly who could easily get into Listed races.

MARK JOHNSTON

Spirit Of Love: there have been comparisons with Double Trigger which are unrealistic - Double Trigger would have given him something in the region of 2f/stone if they'd met in the Cesarewitch - but the interesting thing about Spirit Of Love is that he's only run twice at 2m and beyond, and on both occasions he won in a canteen. There is the hope that he will be a considerably better horse when he goes over further, and we've big hopes for him in the Cup races. Royal Rebel is still a maiden. He ran in two Listed races and a Group One; I still think very, very highly of him, and he'll come out and work his way through the ranks. We're still hoping that he'll climb his way back up to Group races.

BRIAN MEEHAN

Tumbleweed River, he goes for the 2,000 Guineas. He'll probably run first in the Greenham. A nice big horse by Threshing, he ran once last year and dead-heated for second at Ascot - got badly left. He's working very well. Tomba may run over a mile this year. He's very, very well and may have his first run in the Lockinge.

JEREMY NOSEDA

Snowy Range - unraced last year, beautifully bred filly, good action. We hope that she'll win her share of races. Desert Knight - by Green Desert out of Green Leaf - unraced last year, a big, long-striding horse, still slightly backward. I'd be disappointed if he doesn't win a couple of races. Both should be suited by a mile, and might go a little farther.

Nick Dundee makes progress after surgery

CHARLIE BROOKS

CHARLIE BROOKS, the former train-

er who was due to answer bail at Charing Cross police station in London today, has been asked to appear on 13 April instead. Brooks went voluntarily to the station on 8 January after the Metropolitan Police's Organised Crime Group investigating allegations of race-fixing and horse-doping had visited the home he shares with Miriam Francone.

On the same day, the jockeys Ray Cochrane and Graham Bradley were arrested. Cochrane has since been released without charge.

Brooks was originally due to answer bail together with Bradley on 10 March. However, he was out of the country at the time and had his date changed to today. He has now been released until the date of Bradley's next appearance.

Speaking at Uttoxeter yesterday, Brooks said: "The police have changed the date to 13 April, which is the same day as Brad goes, so I suppose that is sensible. I had asked for the change of date to tomorrow because I was going away so I can't complain they've switched it now."

"Another couple of weeks won't matter anyway. I am sure everything is going to be all right."

Brooks remains on bail until April

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JOHN DUNLOP

Hendry to retire after Euro 2000

THE SCOTLAND defender Colin Hendry intends to retire from international football after the 2000 European Championship. The 33-year-old Rangers centre-back will miss the home qualifiers against Bosnia this Saturday and the Czech Republic a week on Wednesday as he recovers from an ankle injury.

Hendry said: "My aim is to go to Euro 2000 and then [retire] after that. I have 58 caps now and I would love to make 50 and enter the Hall of Fame."

"Then I will have two years left on my contract, and it's a crucial time because I must

BY KEN GAUNT

give myself every chance to keep playing. I've always done myself justice for Scotland, but staying on after that could be a bridge too far."

Hendry was 27 when he won his first cap, against Estonia in May 1993, but he became such a formidable figure that he went on to captain Scotland in the World Cup finals last year. A year after his debut he helped Blackburn to win the Premiership title. However, it was always his ambition to finish his career in his homeland - he was born

in Keith - and he left Ewood Park last summer for Rangers. Hendry signed a four-year deal after a £4m move, but his progress this season has been hampered by a series of injuries.

His Rangers team-mate, Barry Ferguson, could have played his last game at club and international level this season. The 21-year-old midfielder is suffering from a pelvic problem and he will now visit a specialist in London today.

"But at least we have good cover in midfield with the likes of McAllister, Paul Lambert, David Hopkin and Ian Dur

rant."

strong midfield pool. Gary McAlister, who captained the side before missing the World Cup finals because of a serious knee injury, is back in the squad for the first time in 18 months.

Brown said: "It is frustrating for Barry and for Scotland that he is injured because he has been coming along well. Now it looks as though he may be out for the bulk of the rest of the season if not the whole of it."

"But at least we have good cover in midfield with the likes of McAllister, Paul Lambert, David Hopkin and Ian Dur

rant."

The Wimbledon goalkeeper Neil Sullivan is likely to retain his place, with the Leicester defender Matt Elliott replacing Hendry. The Everton striker Don Hutchison looks set to make his debut and partner Aberdeen's Eoin Jess up front.

Uefa, the governing body of European football, has rejected an appeal from the Football Association of Wales against the decision to stage Wales' Euro 2000 qualifier against Denmark in June at Anfield. Uefa gave the FAW permission to play Euro 2000 qualifiers against Italy and Denmark at Anfield, but after the Italy game the FAW asked the association to reverse its initial decision and allow the Denmark match to be staged at Ninian Park, Cardiff, instead.

Uefa ruled last month that the Denmark game should remain at Anfield, because there were "no urgent sporting or organisational reasons" for switching it and has now thrown out the FAW appeal against that decision.

The European body has

today. Saturday's match may be cancelled because of the threat of NATO air strikes against Serb troops in neighbouring Kosovo.

Hendry: Injury problems

THE Utrecht coach, Mark Wotte, believes Michael Mols can make as much impact at Ibrox as Henrik Larsson has at Celtic. Mols will join Rangers next season from the Dutch club for £4m.

Wotte is disappointed that his Dutch international striker is leaving because of the influence he has had at the club. Wotte is warning Scottish defences that Mols can emulate the prolific Swede. Larsson, whose 35 goals have been the highlight of Celtic's season.

"I know Scottish football and that Michael will score between 20 to 30 goals a season," Wotte said. "He is as good as Larsson and has the exact same qualities as a player, even though their styles are very different."

Larsson likes to run at defences from left or right and Michael is a much more central player.

"He plays with his back to goal and that is a very important because he can link with players moving forward from midfield."

"He can be just as influential for Rangers as Larsson is at Celtic. One thing is for sure, we will be unable to buy another striker of his quality."

The Sheffield Wednesday manager, Danny Wilson, was told yesterday that he must pay a fee for St Johnstone's Philip Scott if he wants to sign the midfielder before tomorrow's transfer deadline.

Saints say Wednesday have made a "desirous" offer for Scott, although the Scottish Premier League side happy to let the 24-year-old leave McDiarmid Park on a free transfer in the summer under the Bosman ruling.

Wilson has already agreed terms with the Scotland Under-21 international who has signed a pre-contract agreement along with the Celtic pair, Phil O'Donnell and Simon Donnelly, who did so last week.

As is the case with the Bhoys duo, the Owls are not willing to part with enough money to prise any of the three players away from their respective clubs. The St Johnstone managing director, Stewart Duff, said: "They have made an offer which we have turned down. In fact what they have offered would not be half of the player's wages for a season."

"What we are asking is not unreasonable and we are quite prepared to keep the player until the end of the season if necessary."

"Sheffield Wednesday are losing out on having a good player for a couple of months, while Philip is losing out on a couple of months' experience in the Premiership."

"The pressure is all on the Sheffield Wednesday to sign him, not on us to sell him. If they want him they will have to come and get him."

Both Wilson and the player's agent are still confident a deal can be struck, with Wednesday looking for a hit to their squad after a run of four successive defeats.

Wilson said: "We've agreed personal terms and, like with the Celtic pair, he will either come before the transfer deadline or in the summer."

"I'm very hopeful, though, that this will go through before Thursday. Philip is a quality player with a good goalscoring record from midfield and an ideal replacement for Jim Magilton." Magilton joined Ipswich on Monday for £700,000.

Tim Sherwood training at Bisham Abbey yesterday. 'I haven't thought about playing,' he says

David Ashdown



Mols is set for major impact

BY HUGH MCCHUGH

Sherwood set to shed tag of nearly man

IT SEEMS harsh to describe anyone who has captained his club to the Premiership title as a nearly man, but as far as Tim Sherwood and England are concerned that is exactly what he is: six times he was called up by his country when Terry Venables was in charge, never making it further than one appearance on the substitutes' bench - and even that was for the ill-fated match in Dublin that was abandoned owing to crowd disturbances.

Now four years later, having left Blackburn Rovers after seven eventful seasons, Sherwood is back in the reckoning again and, thanks to party to an injury to his former Blackburn club-mate David Batty, he seems as near to getting a taste of the action on Saturday against Poland as he has ever been.

"I haven't really thought about playing," he fibbed earnestly during a 10-minute inquisition at England's training headquarters in Buckinghamshire yesterday. "At the moment I'm just in the squad, and I've been in the squad before. But it was a surprise to be called up."

"I don't think you ever expect a call-up, and the longer it goes you think maybe it has passed you by. But a new manager, with new ideas, obviously gives you a chance. All you can do is just play well for your club and hope the manager in charge favours you."

Sherwood, who for the most part looked as though he takes as much pleasure in talking about himself as he does in losing football matches, celebrated his 30th birthday last month, 12 years after turning professional with Graham Taylor's Watford just up the road from his home town of St Albans. From there he moved on to Norwich City before becoming one of Kenny Dalglish's first signings for Blackburn.

Chris Sutton soon followed Sherwood from Carrow Road to Ewood Park and subsequent championship glory, and even though Sherwood is now back home, living with his Italian girlfriend in the house he built and maintained all the way through his time at Blackburn, the two players' paths just seem destined to cross.

Sherwood won one England B cap, against the Republic of Ireland in 1994, in a team that included Sutton, and now that Sherwood has been recalled to the full squad, guess who has been recalled with him? Black-

burn fans would shudder at the thought, but what price Sutton joining Sherwood at White Hart Lane before too long?

Sherwood himself claims his move to Tottenham a couple of months ago was not because he was anxious to get away from his former club, despite all the bad blood split over Roy Hodgson's departure earlier in the season. Sherwood, like Sutton, has never been one of life's shrinking violets and he was an outspoken critic of Hodgson's regime. Nevertheless, once the manager had left there appeared no reason for Sherwood not to stay.

"I never said I wanted to leave Blackburn," he said yesterday. "I was negotiating a new contract and they decided they wanted to let me go. And the way it's turned out, I can't really complain." Sherwood

was cup-tied and had to sit and watch as his new team-mates carried off the Worthington Cup last Sunday, but already he has an FA Cup semi-final to look forward to after six losing quarter-finals.

"Everyone knows what's expected at the club," he said, suggesting that, in George Graham, he has finally found a manager to compare with his idol, Dalglish. "The players know what the manager wants. Frightened might be the wrong word, but they know what the manager expects and everyone knows their job."

If Sherwood does play on Saturday he seems likely to occupy the defensive midfield position, normally the domain of Paul Ince or Batty. While it is not exactly Sherwood's forte, given his penchant for getting forward, making chances and scoring important goals, there are plenty of Premiership

players who would testify to Sherwood's tackling ability and the player himself sees no great problem.

"I don't mind where I play," he said. "At Spurs now we've got Steffen Freund playing that holding role which allows me to go forward a bit more, but if you play in midfield you've got to work hard for the team and if the ball's there to be won you've got to win it. I don't think I can change my game. The manager has picked me on the basis of how I play for my club and I don't think playing international football would change me."

Apart from Sutton, Sherwood has been able to link up with several former and current team-mates, not to mention David Beckham, the other player involved in a controversial incident at Old Trafford earlier in the season which resulted in Sherwood being sent off. Whether those two have followed the lead of Robbie Fowler and Graeme Le Saux by kissing and making up remains unknown, but Sherwood is evidently relishing being back in the international fold.

The atmosphere is relaxed but I'm sure towards the end of the week it might get a bit more intense. At the moment it's just a question of getting everyone together and getting a bit of spirit.

"You don't want to be too blasé straight away," he added in reference to his own comportment. Sherwood is widely perceived as a strong character and an excellent leader. "You've got to get a rapport going with the other players but I'll try to be myself as early as possible and try to enjoy it."

Asked whether it felt strange to be playing as a foot soldier again after spending so long as a captain, Sherwood replied: "I still play the same game whether I'm wearing the armband or not" - but the serious reply only came after he had mischievously misinterpreted a question fully intended to relate to his new club. "It's a bit early for me to captain England," he said, smiling. "But maybe one day."

Whether he does or not, if he wins his first cap on Saturday the convenient "nearly man of England" tag will have to be written out of Sherwood's story forever.

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Michael Owen and Robbie Fowler

Meier was pursued by several English clubs and valued at around £2m earlier in the season. However he waited to exploit the Bosman rule and has got his wish with a move to Liverpool. Riedle is likely to return home after growing disillusioned with his lack of opportunity at Anfield. Despite an impressive record he has only played a handful of games in two seasons.

Alex Ferguson, the Manchester United manager, has valued Terry Cooke, his winger at £1.5m. Cooke is currently on loan at United's promotion-chasing neighbours Manchester City.

Juve are set to offer more than £20m for Arsenal's French striker, Nicolas Anelka, according to the country's two leading sports newspapers. Corriere

dello Sport said Juventus have offered Arsenal 35m Italian lire (£12.5m) for the 20-year-old, and are now prepared to raise that sum after he scored both goals in France's 2-0 win over England at Wembley last month.

Jim Smith may be set to beat Derby's transfer record with a £2m move for Seth Johnson.

Smith has talked to Dario Gradi, the Crewe manager, about the 20-year-old midfielder.

Edinho, the Bradford striker, who spent time on loan at Dunfermline, has returned to Portugal to join Second Division leaders Portimonense Sporting Club on a free transfer.

Dennis Wyness, the Aberdeen midfielder, has agreed a two-year deal to stay at Pittodrie.

Dundee's Scotland under-21 winger, Iain Anderson, has joined Chelsea for trials.

MICHEL PLATINI, who is masterminding the plans of world football's governing body, Fifa, to modernise the game, has supported the idea of a "summer season" from February to December in order to improve the chances of a biennial World Cup.

"To achieve this goal we must reform the calendar to restore the credibility of national teams," Platini said in L'Equipe, the French sports newspaper, yesterday. He suggested the solution could be a "summer season, which would start in February and would finish early in December."

"It will not be easy because of the concentration of the dates of European cups, the dropping of the Confederations Cup and of the Intercontinental Cup to be replaced by

a club World Cup, but it will help players get a real one-month break in the winter," Platini said.

The new calendar could start in 2005 to allow a World Cup to be held in 2006. Platini has also discussed with Sepp Blatter, the Fifa president, the idea of a Centenary Cup in 2004 to be played between the seven World Cup winners - Uruguay, Italy, Germany, Brazil, England, Argentina and France. Fifa will celebrate its centenary in 2004.

Rademir Antic will return as the coach of Atletico Madrid on a 15-month contract, according to the club president, Jesus Gil.

Antic, who guided Atletico to a Spanish League and Cup double in the 1995-96 season, but left the club two years later,

will be replaced by the Lazio owner, Sergio Cragnotti, in Rome on Monday night. His salary will be almost 12b Italian lire (£4m) for three years. The 51-year-old Swede has guided Lazio to the top of the Italian League for the first time in 25 years and into the semi-final of the Cup Winners' Cup this season.

There's no point saying I'm happy I fought to get the job two seasons ago and I've never hidden my desire to stay," Eriksson reached the deal with the Lazio owner, Sergio Cragnotti, in Rome on Monday night. His salary will be almost 12b Italian lire (£4m) for three years. The 51-year-old Swede has guided Lazio to the top of the Italian League for the first time in 25 years and into the semi-final of the Cup Winners' Cup this season.

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SPORT

SCHECKTER'S DYNASTY P23 • BARKER'S LIFE AFTER TENNIS P22

Lloyd to quit after World Cup

DAVID LLOYD, England's colourful and controversial coach is to step down after the World Cup. The announcement, made yesterday, surprised many and the timing and haste of the decision added further fuel to speculation that Lloyd, seeking assurances over his future, has been offered alternative jobs in radio and television.

It was, according to the England and Wales Cricket Board, an amicable parting following a meeting at Lord's between Lloyd, Lord MacLaurin and the ECB's international teams director, Simon Pack.

"We owe David a huge debt for the job he has done since taking over in 1996," MacLaurin said. "During his time in the job, David has introduced many in-

CRICKET

BY DEREK PRINGLE

novations that mean we are now world leaders in several aspects of our approach to the game at international level. It would be a fitting send-off for him if we could lift the World Cup for the first time this summer."

Lloyd, 52, who helped England achieve their first five Test series victory for 12 years last summer, sounded equally grateful, though he is to hold a press conference of his own at Old Trafford tomorrow.

"I've had a tremendous time with the England side," Lloyd said. "I'm looking forward to completing my tenure with a successful and enjoyable World

Cup campaign. It was important for me to have a clear picture of what my future holds. Now that the matter is settled this means the team can focus exclusively on the World Cup."

Lloyd, whose contract was to run until 31 August, ends a three-year association with the England team. While renaissance would be too strong a word, his time has brought change and innovation. Tapes of Churchill's speeches as well as bonding weekends in country retreats have all been explored in the cause of motivation. There have been successes on the field, too, and home Test series wins against India, New Zealand and South Africa, as well as several one-day triumphs, must be added to an interesting CV.



Lloyd: Surprise decision

known as "Bumble" in trouble with his employers. Occasionally, this boiled over to become a liability, as it did in Bulawayo in 1995-96.

"We f**kin murdered 'em," Lloyd told an assembled press corps there, having given some startled Zimbabwe officials a piece of his mind after the home side's bowlers had forced a draw by deliberately bowling wide of leg stump.

Last August there was his outburst over the legality of Muttiah Muralitharan's action, which although veiled, was a major embarrassment to the ECB. The subsequent dressing-down he received from his employers, who made it clear that this was his final warning, left him feeling angry and betrayed.

The choice of a successor is not particularly straightforward despite the resignation on Monday of South Africa's coach, Bob Woolmer, which according to the ECB's chief executive, Tim Lamb, was purely coincidental.

Due to his sterling work with South Africa, Woolmer, who played for both Kent and England, would be many people's choice. However, when asked privately last summer whether or not he would take the job if offered, his answer was in the negative. In any case, he is thought to be firing the ball down the table from his days as captain.

In keeping with speculation over the England football manager's job, it may well be prudent to seek a coach from overseas. One of the problems that has befallen England sides in recent years is the negative mindset produced from a background in county cricket. Despite his forward thinking on some matters, Lloyd was taint-

ed by this as much as anyone. Now that the uncertainty over his future has been removed, the World Cup, his swan-song, may see his true potential bloom.

England's captain, Alec Stewart, called on the players to give Lloyd a successful send-off by winning the World Cup for the first time this summer.

"It's disappointing news but it's been a real pleasure to work with Bumble, a coach who is thorough, loyal to his players and completely professional," Stewart said. "He has brought a real sense of passion to the job of England coach and it would be great to reward him with the World Cup as a final vote of thanks from the players for all he has done for us."

Keegan's zeal the tonic for England

FOOTBALL

BY GLENN MOORE

of Keegan's tactical sophistication, concerns he himself appreciated when he said: "I'm not your man for a 0-0 draw in the Ukraine." However, the immediate task is beating a moderate Polish side at home and any England team should be able to manage that if it is in a positive frame of mind.

This team should be. Not many of his England predecessors would have viewed an injury list which includes Darren Anderton, Robbie Fowler, Chris Sutton, David Seaman, Nigel Martyn and, most of all, Michael Owen, with Keegan's equanimity but his attitude will breed confidence among his players.

"He's so full of enthusiasm," said Ian Walker after training yesterday. "His love for the game shines through and rubs off on everyone else."

"I'm excited," said Keegan. "Working with these players is like being a kid in a toy shop. I'm delighted with the atmosphere. We have injuries but by Thursday night [when Keegan will



Graeme Le Saux (left) receives some individual coaching from the England caretaker manager, Kevin Keegan, at Bisham Abbey yesterday

David Ashdown

make a final decision on the injured players] I'll still be able to pick a fantastic England team."

That team is unlikely to include Owen, who has not been trained since straining a hamstring at Derby 11 days ago. Fowler took a knock on the knee

in the same game and, with Sutton suffering from a back problem, Keegan's forward options are so limited he may call a replacement in tomorrow.

On the plus side David Beckham's calf problem and Nigel Martyn's back injury had eased enough for them to take part in yesterday's training session at Bisham Abbey but Anderton (groin) and Seaman (shoulder) also sat it out while Tony Adams appeared to be suffering from a heavy cold.

None of this prevented a lively session in which Keegan played a more peripheral role than expected. Howard Wilkinson, the FA's director of coaching, and Derek Fazackerley, Keegan's former coach at Newcastle, did most of the technical work, with Keegan preferring to do individual tuition or take a supervisory role along with Arthur Cox, his managerial mentor and the other member of his England coaching staff.

That was until the 10-a-side match which closed the session. Then Keegan was as involved as anyone, although he had mixed feelings when a neat turn by Steven Gerrard, the young Liverpool player with

the squad for experience, left him bemused.

The media found it less easy to fool him. Drawing on more than a decade's experience in the trade, he said all the right things: It would be "a blow to lose any player" but no one would be risked unless they were fully fit. "I've been amazed at the co-operation from other managers"; "I feel proud when I pulled on my tracksuit and looked at the badge." Interestingly he also said that he "always thought he would be England manager one day."

In a refreshing change to his predecessor Glenn Hoddle, he appeared to be honest when talking about injuries and open when discussing players' merits. Of Beckham he admitted: "I've always said I think he should be more involved and I think in the future he will be more central but, with a view to Saturday, he is in such good form playing wide for Manchester United, putting in such good crosses. Where I have got an opportunity that is I have Ray Parlour who can also play wide right or in midfield. They will be similar but don't rule out both them playing."

Keegan's reign may be short, but it will be eventful.

Sherwood's new image, page 26

MORSE

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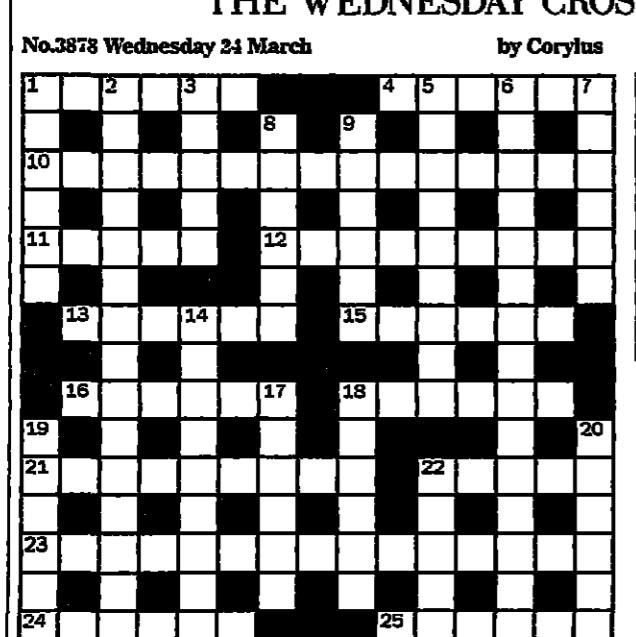
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ACROSS

- Censure that is right - it's sharp and pointed (6)
- The place and time for an insect (6)
- Bioscience is far away from these numbers (9,6)
- Reported scale from weather conditions (5)
- Crazy snooker player could do this (9)
- Old doctor found in cove in Indian city (6)
- Very good natural response to kind of acid (6)
- Girl finding article gale blows about (6)
- Department of Employment intend to reduce status (6)
- Language of a fakir obscured answer (9)
- In short the upper part (6)

DOWN

- Put new facade on tatty cafe (6)
- In superb clip, how to represent the result of nationalisation (6,9)
- Man from navy in lake (5)
- Rove around with wife at steering position in swamp (9)
- At university invigilates many characters in a (6)
- Poor Jewish have-not on ship is a religious person (8,7)
- Using keys to get some rickety pin greased (6)
- Peacekeepers faded, we hear, without having changed colour? (6)
- dull way (15)
- Lets us down in struggle (6)
- Dramatist gives old box to Japanese pur-chaser (6)
- Spanish agreement to deviate with one in the mountains (6)
- Poor baker yet to start making a profit? (5,4)
- A step to control hard Indian (6)
- Fail to acknowledge swine surrounded by loud noise (6)
- Light inconsequential talk on plane (3,3)
- Gradually introduced odd shape to daughter (6)
- Artist omits one giant (5)

Formula One chance for McRae

COLIN MCRAE

the former world rally champion, has been offered a drive in Formula One. The 30-year-old Scot, who is set for victory today in the Rally of Portugal, will test drive a Stewart Formula One car later this year and could eventually make the switch to grand prix racing.

McRae, who won the world rally championship in 1995, has driven a Formula One car before.

MOTOR RACING

Back in 1996, a publicity stunt gave him the opportunity to swap places with Martin Brundle and drive a Jordan while his fellow Briton took the wheel of his championship-winning Subaru. Brundle subsequently entered the 1996 British Rally in a Ford, while the late Jim Clark, twice the Formula One world

champion, also tried rallying.

"To drive in Formula One is something I have been thinking about for quite a while,"

McRae said. "If I do the test and I am competitive, then I must consider what I might be getting into. If I am committed,

there is no reason why I couldn't drive in Formula One."

Portuguese Rally, page 27

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The reining-in of the Stagecoach Kids



No stunt was too naff for Brian Souter and his sister Ann Gloag, co-founders of Stagecoach. But with the publicity came the unwelcome attention of the OFT and a growing image problem. That was until the chino-wearing Souter brought in the suit-wearing Mike Kinski (left), and buttoned-up sobriety became the order of the day

BY CHRISTIAN WOLMAR



Brian Souter and Ann Gloag, the Stagecoach brother and sister team with a reputation for high-profile, aggressive marketing Scottish Daily Record

IT HAS been a relatively quiet time for Stagecoach since Mike Kinski took over as chief executive almost a year ago. And Mr Kinski is pleased with that.

No longer are there headlines about the company's predatory activities. Or about its cock-ups on the railways. Gradually the swash-buckling image of an aggressive company driving rivals of the road and attracting the wrath of the Office of Fair Trading is disappearing.

Instead, Stagecoach is now presenting itself as a respectable FTSE-100 company - which it joined last summer - intent on continued acquisition and growth. It may not yet quite be sober-suited because the company's co-founder Brian Souter, who remains a very active executive chairman, still gallivans around the globe in chinos and cowboy shirts in the search for new acquisitions, but Stagecoach is slowly earning the veneer of respectability that eluded it in its early years.

Mr Souter showed the City that he knew it was time for Stagecoach to grow up when he appointed Mr Kinski, who earned widespread plaudits at Scottish Power to run the day-to-day business, allowing him to keep on travelling the world looking for deals.

While there have been no new blockbusters of the size of the Porterbrook rolling stock leasing company, bought for £26m in August 1996, there has been a steady stream of purchases over the past year: the stake in Virgin Rail and in the Hong Kong-owned Chinese road toll company Road King; Prestwick Airport; Citybus in Hong Kong; and the Yellow Bus company in Auckland, along with Fuller's Ferries in the same city.

There have also been a number of misses, such as Hong Kong's China Motor Bus, which went to the rival FirstGroup and, more recently, the Melbourne local transport network where Stagecoach failed even to make the shortlist.

Mr Souter's timing in appointing Mr Kinski was, according to analysts, spot-on. The business was growing too big for him to run on his own, and his co-founder, sister Ann Gloag, had decided to take more of a back-seat role and rest on her considerable laurels. Mr Souter spent only a couple of days each week in the Perth HQ, and the rest of the time he was on the road, mostly seeking acquisitions and living out of his trademark plastic bags, which meant the day-to-day management was becoming neglected.

Mark McVicar, a transport analyst with SG Securities, says that Mr Kinski's appointment ensured that Stagecoach avoided the pitfalls that trap many other high-growth companies: "What works when you are small and doubling your turnover every year is not right when your capitalisation is in the billions."

"Mr Souter realised that he had to blend in his entrepreneurial flair with better management of the subsidiaries, and he addressed this issue before the company's financial reputation was affected."

The South West Trains fiasco in the spring of 1997 was a warning to Mr Souter, who is the first to admit that, despite his accountancy background, running companies is not his strong point. Little more than a year after it took over South West Trains, Stagecoach suffered its worst public relations disaster when it was forced to cancel thousands of trains because of a driver shortage that was compounded by poor labour relations.

Not only did this provoke a deluge of complaints from angry commuters, but it also prompted some City angst about Stagecoach's ability to cope with a more diverse portfolio, as the company sought to expand out of the bus market, which had been its original hunting ground.

So Mr Souter turned to Mr Kinski, a fellow self-made man from a working-class background, and allowed him a free rein in restructuring the company. Mr Kinski quickly sorted out the UK bus division, which consists of 19 different companies acquired around the UK between 1986 and 1997.

Mr Kinski explains: "Previously, there was not a clear accountable management structure. Some reported to Brian Souter, others to Barry Hinkley [executive director] and others to Neil Renison [former chairman of Stagecoach Scotland]."

Mr Renison was edged out along

with another executive, Jim Moffat of Fife Scottish, and Mr Kinski reorganised the mess into three regions, each accountable to him.

Then he set about strengthening the centre and filled what had clearly become gaping holes in the management of a major company - no human resources director and no head of communications. Both appointments were made quickly and an IT director was also brought in to sort out problems such as the different payroll systems used by all the bus companies. It was the birth of corporate Stagecoach, even though elements of the family history remain as Brian Souter still retains 12.6 per cent of the shareholding and Mr Gloag holds 10.2 per cent.

One tangible result of the way Stagecoach has focused more on day-to-day management has been the improvement in its performance on the railways. Reliability on South West Trains services has improved and new trains are on the way, with an order for 30 four-car trains in the spring. And Stagecoach's tiny Island Line, which runs old London Underground trains on the Isle of Wight, last month became the only one of the 25 franchises across the network to obtain the coveted

"A" grade from the franchising director who monitors train services.

Now, with restructuring costs no longer a factor, rail has also begun to be highly profitable, with profits up last year by 121 per cent to £17.3m, helped by a 7 per cent rise in passenger numbers.

The subsidy profile on South West Trains is incredibly generous, a reward for Brian Souter's ready-

ness to take on the first franchise back in December 1995, but the company faces a much sterner test with its 49 per cent holding in Virgin Rail, bought last June for £158m after Mr Souter approached Richard Branson. The deal allowed Mr Branson to avoid a flotation on the stock market, where he had his fingers burnt previously, but the benefits for Stagecoach seem less immediately

tangible since the subsidy paid to Virgin's two franchises, currently running at £17.8m per year, disappears entirely over the next decade to become a premium payment of £28.5m, a very ambitious task even if the current upgrading of the line is successful in attracting new business.

Virgin Trains continued to attract criticism, topping the rail

complaints league, and yet Stagecoach's input in the early months of its investment in the company seems to have been minimal. Last month, however, a new chief executive, Chris Green, who formerly ran InterCity, ScotRail and Network SouthEast, was appointed.

While Mr Green is well regarded in the rail industry, the appointment is not risk-free. Mr Green was forced out of the chief executive's job at English Heritage after falling out with the chairman, Lord Stevens, and getting into a wrangle over his expenses. Mr Green has set about his new task with relish. The complex structure of Virgin Trains and Virgin Rail was immediately simplified, and advertisements have been posted for an operations manager for the West Coast main line, the source of most complaints.

Mr Green finds it extraordinary that no one seemed to be running the railway, and while Stagecoach must take some of the responsibility for this, Mr Kinski explains that the focus was on getting the financing in place for the new trains, which was finally achieved in December.

While many City insiders consider Stagecoach's involvement in Virgin to be a prelude to taking over the

whole show, Mr Green is convinced that both companies see the partnership as a long-term proposition: "Mr Branson and Mr Souter are blood brothers. The skills of the two companies complement each other with Virgin providing the entrepreneurial flair and Stagecoach the attention to detail."

He says that a number of schemes involving joint use of Virgin trains and Stagecoach buses are to be announced shortly, such as a link between Carlisle and Stranraer, avoiding the circuitous train journey via Glasgow.

Mr Kinski is also addressing another problem acquisition - Swebus, Sweden's biggest bus company, where margins are in single figures. There is a tighter regulatory framework in Sweden and most services are tendered out in a highly competitive environment, but Mr Kinski insists this is not the problem: "When Stagecoach took it over [in August 1996], it failed to apply its usual model it had used in the UK. Swebus was top-heavy with a head office and four regional offices with each one a fiefdom. Also, even light maintenance was out-sourced to companies taking big margins. Now we are taking costs out, bringing maintenance in-house and we will be able to win tenders and obtain higher margins. We will be in double figures within a couple of years."

Created in 1980 by Brian Souter, his sister Ann Gloag and her then husband Robin Gloag (who was soon eased out), Stagecoach is Britain's biggest start-up company of the Thatcherite era, and grew quickly on the back of successive deregulations and privatisations - coaches, buses and trains.

It is now using the competitive advantage of being based in the country that has been foremost in transport deregulation and privatisation by venturing abroad. Indeed, unless Stagecoach was prepared to take the regulatory risk that a bid for one of its major rivals, FirstGroup or Arriva, would engender, most of its growth is likely to be overseas.

But can it keep up the pace? Not many young companies manage the transition from high-growth, high-risk teenagehood to respectable middle age without a major crisis or a complete change in personnel. Yet Stagecoach, which Mr Souter hopes will double in size again in the next four years, seems, so far, to be making the shift with barely a hiccup.

Some problems remain - underperforming Swebus, the vagaries of the UK rail franchising process, Virgin Rail's over-ambitiousness, Road King's poor share price, the flat margins of the UK bus industry - but all these seem trifling when set against the continued growth in profits, the increase in margins in nearly all sectors, and the continued performance of Porterbrook, the company's milk cow, providing half the profits.

There is also the risk that one day Mr Souter will attempt a deal too far, but there is very little in his record to suggest that he would risk the future of the company on a dodgy deal.

Mr Kinski stresses that he too, plays an important role in the acquisition process, hinting that he would curb any of his boss's excesses: "Brian brings the ideas to me and to Keith Cochrane [the finance director] before presenting them to the board. I look at how we will operate the new subsidiary, and Keith checks out the figures."

Mr Kinski is also adamant that Stagecoach will not venture into dangerous waters: "We pulled out of Kenya soon after I joined because I don't want to operate in crisis areas. That means we will not be going into Africa, nor into Eastern Europe."

Despite its performance, Stagecoach has never quite been the darling of the City, which remains suspicious of a company that keeps its headquarters in unfashionable Perth and eschews consultants and other expensive City services whenever possible. There are, however, noticeably fewer Cassandras predicting doom for this upstart product of the Thatcher years. And if the double act of Mr Kinski and Mr Souter proves as successful over the next few years as it has so far, the Square Mile may at last embrace the company wholeheartedly.

Christian Wolmar's book, *Stagecoach, a classic rags to riches tale at the frontiers of capitalism*, is published by Orion Books at £18.99.

INSIDE A BUS AND TRAIN EMPIRE

Turnover (year ending 30 April 1998): £1381.5m (half year to October 31 1998 - £722.7m, up 6 per cent)

Operating profit: £219.1m (half year to October 31 1998 - £132.1m up 30 per cent)

Market capitalisation (24 February 1999): £3.394bn

Employees: 33,000 in seven countries

Board: Brian Souter (chairman), Mike Kinski (chief executive), Keith Cochrane (finance director), Ann Gloag, Barry Hinkley, Brian Cox, Derek Scott; non-executive directors: Ewan

Brown, Barry Sealey, Robert Speirs

Divisions

UK bus: 19 companies including

operations in London, Manchester, Newcastle, south

coast, Glasgow, Fife and many other towns and cities

Overseas bus: includes

companies in Sweden, Finland,

Portugal, New Zealand and Australia, and in the process of

acquiring Citybus in Hong Kong

Rail: South West Trains, Island Line and Sheffield Tram

Porterbrook: rolling stock

Company

Airport services: Prestwick,

Britain's second largest freight

airport

Other investments include Virgin

Rail (49 per cent) and Road King

(29.2 per cent)

هذا من الأصل

ENTERPRISE ISSUES

Invest in machinery made of flesh and blood

WE HUMANS – described by one tetchy writer as “the wet side of the carbon-silicon divide” – have a natural tendency to regard machines as human too. If your computer plays up, you talk to it, shout at it and finally hit it, in a caricature of a dysfunctional human relationship.

But the key to understanding many trends in the modern, weightless or knowledge-based economy is rather to think about humans as machines. Human capital has finally become as important as physical capital in economic growth.

This is why so many people in professional jobs work all hours, facing a dilemma about how to balance work and home life – how to combine being a piece of expensive capital equipment with being a person too. Such workers represent a long and expensive investment in knowledge and expertise, and one for which employers pay with high salaries. Research published just over a year ago by the Institute for Fiscal Studies confirmed that the

returns to higher education are in double digits.

As with any type of costly equipment, the employers leasing them at expensive rates want to sweat their human machines as much as possible. The more hours of work they can extract, the better. The limits are physical – humans are less productive when they suffer stress and get too little relaxation and sleep. They burn out or drink too much or fall ill.

Still, with the technology available to staff to their work even when out of the office, the temptation for employers to demand more and more effort is immense. Few resist it.

Few even manage to recognise that there might be a trade-off between short and long-term returns to human assets. If the unit of human capital, or employee, is permitted an easier time, allowing him or her to go home early sometimes, take longer holidays, go to the art gallery or concert at lunchtime, take time out to go to the gym during the day – how

pleasant it is to fantasise about the possibilities – this might replenish their capacities and make them more productive for longer. But in a ferociously competitive world, it is all too easy for companies to focus on getting more output now.

Of course, one of the results of this pressure is that many highly qualified people prefer to set up on their own. They will have to work just as hard, but they will get all the return to their investment in themselves. The same force is behind the need for high-technology companies to give employees generous equity options. In other words, the economic forces driving companies to make key staff work as hard and as long as possible paradoxically reflect a change in the balance of power in the workplace that favours employees at the expense of employers.

For human capital, as opposed to basic labour, is scarce. It is only custom that leaves the power to exploit it in the hands of companies. That, and the reluctance of many people to take on the risk of competing



DIANE COYLE

Governments all over the world must extend and improve access to education

in an uncertain world themselves. But most companies have removed the cushion of protection from the ups and downs of business they once offered employees as part of the compensation package. Those that are all too willing to shed people during downturns have thrown away the financial advantage of mutual loyalty.

There is another consequence of the scarcity of human capital, and its high price. That is the tendency towards greater inequality of incomes. It is a well-known fact that the earnings distribution in the UK is more unequal than at any time since the Industrial Revolution.

The explanation is pretty much the same – and so is the eventual solution. There are relatively few people around with the skills needed in industries that account for a growing part of economic output. A shortage of any sort of capital means the returns are bid up. This is one of the reasons the top end of the income distribution has been stretched upwards. In the

long run, of course, excess returns ought to stimulate more investment. A century ago in the western economies this happened with the spread of universal primary education and the creation of a national system of elementary schools. Over a period of 30 years or more – a full generation – this steadily made the income distribution less unequal by raising the incomes and living standards of the poorest.

This is exactly what needs to happen again now. Governments all over the world must extend and improve access to education. In the West, this means getting more and more young people into tertiary education and significantly raising standards. Although the Labour Government certainly stresses the importance of education, the UK, as with other countries, will have to start spending a lot more money on education.

According to OECD figures, the average member country spends 6 per cent of GDP on education – it is about 4 per cent of GDP in the UK. The rate of investment in physical capital is about 20 per cent on average – 16 per cent in the UK. We ought to be thinking about bringing those two ratios in to line.

In the developing world, it means education is an economic and not just a social priority. As an Oxfam campaign launched this week emphasises, there is a serious danger of the poorest countries in sub-Saharan Africa getting left even further behind because their governments cannot afford to put all the children through school, and perhaps do not even value it. Inequality between countries, as well as between citizens within countries, is driven by unequal access to the possibility of improvements in human capital.

Human well-being ultimately depends on economic growth. Economic development depends on investment. And investment means investment in the machines made of flesh and blood as well as those made of metal and plastic.

d.coyle@independent.co.uk



Paul Fraser (left) and Tim Dunningham of Flying Flowers have faith in their future together Tony Andrews

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FOCUS

The stamp collector who lost a mint in the flower market

BY JACK O'SULLIVAN

PERHAPS, as a stamp collector, Paul Fraser is accustomed to people cracking jokes about him. But nothing could quite have prepared him for the cruel humour of the stock market. Nor for a shock worse than finding that your mint condition Twopenny Blues are fakes.

Mr Fraser thought he had struck a great deal when he sold his solid, respectable stamp dealership, Stanley Gibbons, for £13.5m last April. But there was a problem, familiar to all stamp collectors. His newly acquired wealth was only on paper. It was held in the shares of Flying Flowers, the Jersey-based group that supplies flowers by post. Flying Flowers had bought Gibbons amid spring talk of blossoming profits.

Sadly, by the summer, such hopes had faded. Sales of lobelias, petunias and begonias through the post were not doing well as the bedding plant market wilted. Flying Flowers shares slumped 45 per cent in a day after a profits warning.

“I was in Washington on holiday,” says Mr Fraser this week as Flying Flowers announced their annual results, showing pre-tax profits well down at £5.1m. “It was 8.12am on July 14 when the phone woke me and I was told about £5m had been wiped off my shareholding. What did I do? I had the cheaper breakfast.”

Suddenly a dream which he had spent nine years building (though he swears he does not collect stamps himself) had been shattered for him at the age of 43.

Shares which had been worth 55p each when Mr Fraser bought them in April were suddenly trading at around 30p. Nor can Mr Fraser’s mood have been much improved by the knowledge that directors of Flying Flowers sold hundreds of thousands of shares at 55p just days after he had bought into the company. And the news got steadily worse. “There was another profits warning in August. My

mand and had already arranged to meet that demand by outsourcing supplies of plants. The growth never happened and they ended up having to destroy quite a few unwanted plants.”

The broker absolved the management of anything worse than uncharacteristic incompetence. “Tim Dunningham is very straight. And he is usually very good at handling mail order lists. He knows how to experiment with them and use the information well. That is why I was surprised they cocked things up so badly.”

It is an account which the management of Flying Flowers now largely accepts. Tim Dun-

ningham referred this week to “naïvety and undermanagement” of a firm that is now the Channel Island’s largest non-financial company.

Mr Fraser was tactful about poor management that nearly took his shirt. “I think it was a problem in recognising the responses to advertising and in forecasts getting through to management. The controls that needed to be in place were not there.”

Was he bitter about fellow directors who had cashed in many of their shares soon after he had acquired his? “No, it was my choice to get involved in this venture, so I can’t argue about

what happened. I think everyone was plain with me about the company. It has been another rich experience under my belt. Onwards and upwards, I feel very positive about what we are doing at the moment.”

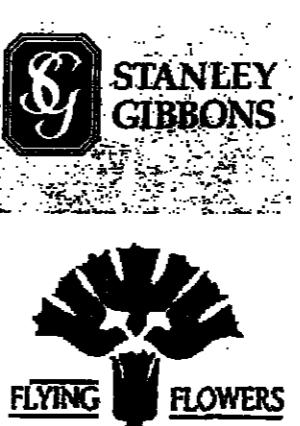
Nevertheless, a shake-up is taking place in the board room. The chairman, Walter Goldsmith, a former director-general of the Institute of Directors, is standing down in favour of Roger Norbury, former chairman of investment banking at NatWest Markets. Mr Goldsmith presided over a long expansion in Flying Flowers. But his record was somewhat blotched latterly by stating, just after the Stanley Gibbons acquisition, that it “would enhance shareholder value”. Not, sadly, for Mr Fraser.

So what is the future now for his investment? The prospects for a big breakthrough in the bedding market do not look great. The Sunday supplements are full of advertisements from the big seed suppliers such as Cuthberts who have diversified their activities. Flying Flowers faces a more competitive market than in the past.

But Mr Fraser is hopeful. “All I can say is that the future looks good. Looking at television, for example, it is very encouraging to see how gardening is so high up on the list of interests.” He may be banking on stamp collectors more than horticulturalists to make him back his millions, a judgement with which analysts would agree.

“We have a terrific brand name in Stanley Gibbons,” he says. “It is the perfect product for the Internet. We have an awful lot of information on our site. After all we have been publishing catalogues for a hundred years, so we could easily become the main site for collectors.”

Like any wise collector used to keeping his wealth in bits of paper, he declines to be drawn on when he will be worth £13.5m again. “I’m taking the long view,” he says with a laugh.



Walter Goldsmith, the chairman of Flying Flowers who took over Stanley Gibbons, is standing down

er which specialised in selling from catalogues. They also had a first-day cover business which married well with Gibbons. The real problem seems to have been more than the incompatibility of products.

A Jersey-based broker gave his version. “I reckon they were so busy with the Stanley Gibbons acquisition, they took their eyes off the ball,” he says. “They had this big advertising campaign back in 1997 when their sales of bedding plants did very well. But they didn’t keep a close enough check on what the market was telling them the following year. They were anticipating a similar uplift in de-

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“They use top-quality ingredients and are not afraid to say that, in some cases, tinned tomatoes are better than fresh ones – much better than tasteless Dutch ones, anyway. Not being pretentious about food is very important to me.”

In any case, the man who

guarantees Iceland-brand products contain no genetically modified ingredients says he has no worries on that score when visiting the River Café. “GM soya is used only in processed food and everything the River Café makes is freshly prepared,” he says.

“And at the River Café,” he adds, “I don’t have to wear a tie.”

The River Café, Thames Wharf, Rainville Road, London W6 (Telephone 0171-381 8324)

MY FAVOURITE RESTAURANT

No pretensions – or GM food

MALCOLM WALKER, chairman and chief executive of Iceland Frozen Foods, says he’ll eat anything as long as it is not fatty meat. But his real preference is for the olive oil, red wine and grilled meat or fish of the Mediterranean diet.

So it is the River Café, with its Italian-inspired cuisine, which sums up everything he likes in a restaurant. “It’s totally unpretentious and the food is just stunning,” he says. “They use the finest and often the most expensive basic in-

gredients. I hate starched table covers, formal service and rich French food,” adds the 53-year-old who founded Iceland, now more than 700-outlets strong, in 1970. Walker first visited Rose Gray and Ruth Rogers’ fashionable Thames-side restaurant two years ago and eats there on regular trips to London from his Deeside head office.

Its simple mozzarella and tomato salad is the epitome of why, for him, its food is divine. “It’s a little thing, but mozzarella can sometimes taste like rubber,” he says. “If you have it at the River Café the mozzarella is like nothing you’ve ever tasted. It sparkles like sherbet on your tongue.”

“They use top-quality ingredients and are not afraid to say that, in some cases, tinned tomatoes are better than fresh ones – much better than tasteless Dutch ones, anyway. Not being pretentious about food is very important to me.”

In any case, the man who

Big idea

TOUT

ANDREW GUMBLE

Thriving on Ross Goobey's kind of wisdom

THE DEATH of George Ross Goobey, the man who introduced the "cult of the equity" to the UK's professional investment scene, is a timely moment to stop and take some badly needed perspective on the current state of the markets.

As most of the obituaries have rightly noted, in a long and distinguished career as the in-house manager of the Imperial Tobacco pension fund, Mr Ross Goobey did more than any other single individual to persuade pension fund trustees in this country that it was both prudent and rational to commit most of their assets to the stock market.

Before his arrival on the scene, most pension funds had most of their assets invested in Government and corporate bonds. Bonds were, as recorded in the pages of the Forsyte Saga and other chronicles of the lives of the affluent, the "safe as houses" medium of choice when it came to investment. What, after all, could be safer than putting

your money with the Government, the safest credit in the land? The idea that the average pension fund might have 75-80 per cent of its assets invested in the stock market would have been regarded at the time as the height of folly. Yet that is the situation today.

What conventional wisdom of the day failed to see – but which Mr Ross Goobey most certainly did – was three things. One was that equities are ideally suited to the kind of long-term investment that pension funds are perfectly engaged in. Because dividends grow faster than inflation over time, equities provide pension funds with a well-fitting match for their long-term liabilities, which are to pay pensions linked to the rate of increase in wages and prices.

Secondly, Mr Ross Goobey was smart enough to see that gilts and other bonds, however safe they might seem to be on the surface, were in practice anything but. His original ire was centred on the in-

famous 2.5 per cent Consols issued by Hugh Dalton, the first Chancellor of the post-war Labour Government.

At a time when inflation was at 4 per cent, there was no way in theory or practice, he pointed out, that Consols could provide pension funds with the 5 per cent a year returns that they had blithely offered their employees and pensioners. Yet for years many pension funds continued to load up with gilts, oblivious to the real risks that they were running (even it, to be fair, none of them could have foreseen quite how bad the inflationary excesses of the Sixties and Seventies were going to be).

Thirdly, given these first two insights, it was not difficult for Mr Ross Goobey to spot another feature of the investment markets in the immediate post-war period. Precisely because conventional wisdom held that gilts were a safer choice than equities, shares and gilts were always priced in such a

way that the yields on shares exceeded that of gilts.

It was only when the rest of the world eventually concluded that this was the wrong way round did the anomaly disappear. By being the first into the field, Mr Ross Goobey was able to benefit not just from the superior returns provided by equities over the long term, but he also gained from the once-in-a-lifetime revaluation of shares as the "cult of the equity" became a reality in the mid-Fifties.

This is the origin of the so-called "reverse yield" gap, the notion that shares should – as they do now – always yield less than gilts, rather than the other way round, which is how it had been for 100 years or so before Mr Ross Goobey arrived on the scene. Since the Fifties, the yield on gilts has consistently and without exception exceeded that on shares. If still does so today – although inflation falling, the margin between the two has fallen to its lowest level

in many years. The interesting thing about Mr Ross Goobey, however, is not just that he was the first professional investment manager to expose the internal contradictions of the prevailing actuarial assumptions which underpinned the valuation of the market at the time. What made him an outstanding investor was his refusal to let conventional wisdom (including his own) blind him to changes in the prevailing climate.

His conclusion then was that there was little to choose between gilts and equities at their then levels, but that in his view property shares offered a better long-term investment than either.

What Ross Goobey's career ultimately demonstrated was the essential paradox of all investment – which is that conventional wisdom can never by definition deliver more than average performance. To do exceptionally well, you have to embrace an insight that may well appear crack-eyed to most sensible people at the time.

JONATHAN
DAVIS

What his career
ultimately
demonstrated
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paradox of
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Should you invest in... the financial sector?

BY KEIRON ROOT

THERE IS little doubt that the financial services business is likely to show considerable growth over the next decade. But the question of which companies are best placed to take advantage of this process is less clear-cut. The "other financials" sector is one of the "mixed-bag" market groupings, where the niche of an individual company is more important than the fact that it shares a financial business with its peers.

Broadly speaking, there are four types of company within the sector – stockbrokers, companies offering other forms of financial advice or service, trade finance houses (often with considerable overseas exposure) and fund management companies. It is the latter group that has been attracting the most attention recently.

"The really positive news within the last couple of weeks has been Prudential's offer for M&G Group," said Richard Peirson, manager of Frantling's specialist Financial Fund. "It was not just M&G that rose on that. Perpetual, Schroders and several other fund management companies bounced back very sharply."

Mr Peirson warns, however, that this particular rally may only be short-lived. "Some of this has been overdone," he says. "Prudential paid a premium price for a trophy brand name with M&G. Even though it has been underperforming for some time, M&G is still one of the best-known names in retail fund management."

This opens the question of whether the Pru/M&G link-up users in an era of corporate activity that may see more

takeovers. "The M&G bid could be an indication that the Pru feels that returns from life and general insurance are not as attractive as those from fund management," said Jeremy Batstone, of NatWest Stockbrokers. "The Pru's own figures assume that the unit trust business is going to increase three-fold over the next few years, which will leave some of these fund management companies in very promising positions."

Gavin Oldham, of the retail brokers The Share Centre, said: "The arrival of ISAs is going to have a big impact and the fund management companies are going to be the major beneficiaries in the retail market, as the Government has applied CAT standards only to collective investments."

Mr Batstone sees potential for further consolidation. "One effect of the deal is that other fund management companies are now wondering whether they will be involved in the consolidation process."

"Perpetual is an obvious one that stands out, as is Schroders, which is often talked about as a takeover target. It is one of the last remaining independent merchant banks with the controlling family still owning 47 per cent of the shares."

Similar factors affect other types of company within the sector, although the position is not as clear among the stockbrokers. "I'm not sure you can be over-specific about the effects of consolidation here, as it is so much a 'people business,'" Mr Oldham said. "Mid-range private client business is coming to the fore, so there is

at present contains no FTSE constituents. Mr Peirson said: "Most of the companies in this sector have been mid-cap or small-cap and have, therefore, been underperforming."

Mr Oldham said this phenomenon has been repeated across the whole stock market. "Smaller cap companies have found that their market makers have largely disappeared as a result of the introduction of order book trading for the FTSE 100 companies. A lot of houses have discovered they don't need a market-making function to trade large caps, so have dispensed with it altogether and a lot of liquidity has dried up from the mid and small-cap market as a result."

In other words, whilst the big banks and insurers have already bounced back quite strongly, the smaller, more diverse companies in this sector have taken longer to respond.

But respond they undoubtedly have. "The sector was the second best performer in the market during February," Mr Batstone said, "rising 14.1 per cent." This compares with a 12-month rise to the same date of just over 15 per cent.

This sluggishness is put down to the fact that the group



Prudential boss Sir Peter Davies's offer for the M&G Group has boosted the sector *The Advertising Archive*

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BUY
Standard Chartered says SG Securities (850p) Standard's strategy has been to expand through the Asian economic downturn, positioning the group to capitalise on Asian economic recovery from 2000 onwards. Long term economic growth of 4-8 per cent, compared to 2-3 per cent in Europe, offers the prospect of higher rates of return for Standard Chartered than for the domestic UK banks. This gives a price target of 1200p a share. WPP is a good buy (523p) says Charles Stanley. In addition to acquired growth, the apparent scope for margin expansion within the existing businesses should continue to transform single digit revenue growth into double digit earnings for some time to come.

SELL
JD Wetherspoon (284p) says Charterhouse Securities, which predicts two years of good growth before momentum begins to slow down. As a consequence, there is a high probability that the rating will decline from its current premium level. It suggests that investors should look to reduce holdings and reinvest them elsewhere into quality operators with plenty more mileage ahead of them.

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Go for the sound high yielders



DEREK
PAIN

THE STOCK market has yet to fully appreciate the country has entered an age of low interest rates. With money rates at their lowest for more than 30 years, and further reductions expected in the next few months, it is surprising to find a lot of well known and substantial companies with high-yielding shares.

Normally a high return signals at least the likelihood of a cut dividend, perhaps no payment at all or even acute danger. Indeed the higher the yield the greater the risk.

The latest FTSE shake-up underlines the way the market has lost sight of simple attributes such as profits and dividends. The groups bundled out of the blue chip index this week are making handsome, although not spectacular, profits headway and, in the main, increasing dividend payments.

Gallaher, the cigarette group, is one of the ex-FTSE trio. Its shares offer a yield of more than 7 per cent. In part this is due to the realisation over recent weeks that the

group's FTSE status was under threat with the consequent erosion of confidence as FTSE tracker funds bailed out.

But not so long ago 7 per cent indicated all sorts of possible disasters. Yet Gallaher is trading well. Although profits were down, the cigarette company still made £118.6m and should do better this year. More importantly it will have no trouble holding its dividend.

Safeway, the supermarket chain, was another FTSE constituent. Here profits should be marginally ahead, say £355m

against £340.2m. But the dividends should at least be held, providing a 7 per cent-plus yield. To add to the investment appeal, Safeway has aroused predatory instincts. Asda would have liked to agree a merger, but Westminster's attitude was the stumbling block. And Wal-Mart, the huge US retailer which has been linked with a host of chains in this country and Europe, could settle for Safeway's undoubted charms.

Tomkins, the out-of-favour buns-to-guns conglomerate, also yields more than 7 per cent. The group has cash to burn, hence its current tender offer to mop up £400m.

I am not suggesting any of the three relegated shares are about to go storming ahead. Trading prospects are not sufficiently exciting. It would need a take over bid to light any fire. But any investors who regard a good return as an important part of their portfolio policy should think in terms of the sounder high yielders.

Most of the high yielders are outside FTSE. But FTSE constituent, National Power, offers

مكالمات من الأصل

Evolution of the electronic trader

BY ROBIN AMLOT

THE OLD image of the stockbroker was of a chap - remember women did not exist in the City then - who arrived at the office with his bowler and briefcase in time for his mid-morning tea, had a longish lunch with a client, which the client paid for one way or another, and then went back home in time for afternoon tea. The Eighties put paid to all that, and gave us loud-mouthed yuppies with even louder braces.

Now, a mixture of social and technological developments are likely to put the yuppie stockbroker on the endangered species list. The social developments are there for all to see. We are being increasingly exhorted to fend for ourselves financially, even by New Labour.

The state has more or less reached the limit of what it can do to provide for us all, which means more responsibility is being thrust on the individual. That means we have to look after our own pension provision, our own long-term care and our own financial security. The mesh in the safety net now has larger holes.

Add to that social imperative the technological developments of the cheap personal computer and the Internet - not only has greater financial responsibility been thrust on us all, but also we actually have the power to do something about it.

Internet penetration and the use of computers in the UK is following the path already trodden in the US. In percentage terms of market penetration we are now where the USA was two years ago and more of us have regular access to the Internet than any other two European countries put together.

You should already know that the Internet can be an incredibly powerful information resource. It is the ability to access this information, take advantage of the knowledge it confers, and make your own investment decisions, which will lead to the demise of many of the broad-braced brethren of the City.

Stockbrokers offer three types of service: execution-only, advisory and portfolio management. Unless you are



With the power of the Internet, you can cut out the middle-man and buy and sell your own shares via the worldwide web

Re: Features

sitting on a sum of money in the high six-figure region, the costs of having your portfolio professionally managed are unlikely to be worthwhile. Most of us must make the decision between execution-only and advisory services and, until the past couple of years, we had the choice of dealing over the telephone or by post.

However, in the past two years, the growth in Internet usage has seen an increasing number of stockbrokers setting

up websites to attract clientele in cyberspace. Of the firms with presence on the Internet, a handful of UK brokers offer dealing services. They are not going to be in the minority for very long. The first online dealing services were little more than an alternate way of contacting your stockbroker. If you were going to buy or sell shares, instead of calling on the telephone, you sent what amounted to little more than a glorified e-mail.

On receipt of your message a stockbroker would read it and then make the trade for you. E-mail is obviously faster than the Royal Mail, but such services offer few attractions over existing telephone-based dealing operations.

What has changed in the past few months is that you can now execute your own trades.

Instead of sending an e-mail to a stockbroker requesting the sale or purchase of shares, you are making the actual trade

yourself. Through a link ultimately to the Stock Exchange's own computers you deal immediately at the price you see on your screen. The first such fully automated web-based trade in the UK market took place at 9.11am on Monday, 14 December, via the brokerage Charles Schwab Europe.

Let's take another look at developments in the US. Three years ago, Charles Schwab launched its online trading venture. It is now the biggest in the

USA with 2.24 million online accounts and \$174bn (£110bn) under management via the Internet. In January, Schwab clients executed an average of 153,000 electronic trades every working day.

Schwab is not alone. There are now 112 online brokerage firms in the USA, offering individuals the ability to trade in stocks and shares. Between them they have almost 8 million individual customers.

Christos Cotsakos, chair-

man of the US's third largest online firm, E-Trade, says: "The old traditional brokerage model assumes people are dumb. They get charged a lot of money for the advice and counsel. Our model is: people are inherently smart. We liberate you with information, charge a value-added price, let you become self-directed and have you handle your financial services."

Charles Schwab, through the purchase two years ago of Birmingham-based Sharelink,

now Charles Schwab Europe, is at present the leading online brokerage in the UK. E-Trade is also aiming at UK investors, having taken control of an online broking business, Electronic Share Information, in June 1998. One unlooked-for outcome of the explosive growth in individual involvement in the stockmarket in the USA is the "day trader" phenomenon. These are the people for whom a long-term investment is one they are still holding when the market closes.

This kind of frenzied market activity helped to prop share prices in the USA to record heights and, in particular, has allowed firms involved with the Internet and the worldwide web that make little or no profit to gain market capitalisations on a par with some of the largest and most profitable companies on the market.

Such activity goes against the accepted wisdom of shares being a long-term investment. Indeed, it is highly unlikely to be the way to long-term financial security, since day traders are solely relying on movement in the capital value of the shares. It takes no account of the income potential of the shares or of the quality of the business. If you plan on building a nest egg for the future, this is not the way to behave.

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Tax-free may not be ideal for you

David Mair

This is because of strong competition in the PEP market.

However, it is still vital to choose a PEP provider or fund management group that you judge to have good performance prospects and reasonable charges.

In any case, owning shares

may mean taking on more risk than you feel comfortable with. A lot of money which would otherwise be saved in a building society account has gone into PEPs, although many savers do not understand the risk of owning shares, says Stephen Dight of IFAs Grosvenor Financial

Services. "You shouldn't necessarily change your investment strategy just to get your tax allowances," he says.

"As long as you wanted to make that investment anyway a PEP could be a good idea," he says. "But a lot of people have taken them out for all the wrong reasons."

Many investments look attractive in their marketing literature because they are tax-free, but they would be very unattractive without that status. Friendly societies offer regular savings plans that give a tax-free return. The plan has to be kept going for 10 years to get the full benefits, and the most you can invest is £25 a month or £270 a year.

"Some of these friendly society savings plans offer poor value, but on the other hand, they're accessible at £10 a month," says Ms Slater. People on lower incomes could not afford the level of monthly contribution demanded by many PEP/ISA providers; friendly society plans plug that gap.

Venture Capital Trusts (VCTs) and Enterprise Investment Schemes (EIS) offer tax breaks, although they can be risky. The EIS was intended to help companies to raise small amounts of equity finance.

Investors in an EIS company get 20 per cent income tax relief on their investment, and all the gains on those shares are free of capital gains tax.

Venture Capital Trusts are similar to investment trusts, but mostly invest in unquoted companies or shares listed on the Alternative Investment Market. They are generally less risky than an EIS, says Stephen Dight. "You have to draw the line somewhere. These focus on the tax break and not the investment. You are better off playing safe with your net income than gambling with your gross income and losing the lot," says Mr Dight.

Grosvenor Financial Services, 01491 414145; Dawn Slater Associates, 01635 45325

INDEPENDENT GUIDES

The *Independent* has published three guides to investing your money. The first is a 'Guide to PEPs', which details exactly how PEPs work, what their tax effect is and which ones might suit your needs.

The second is a 'Guide to With-Profits Bonds', aimed at those savers who might prefer a rather safer home for

their investment. This guide, sponsored by the With-Profits Bond Shop, is available by calling 0845 2711007.

The third is the 'Guide to High Risk/High Reward Investment', which explains how to achieve greater investment gains - at the cost of accepting higher risk to your money. This guide, sponsored by Whitechurch Securities, is available by calling 0845 2711003.

Merger threat is all talk and no trousers

open. For British Petroleum, a key issue is fuel. For air fares are on the rise. Mobility is growth of US open, bringing a new approach to government. The advent of the euro at the end of the year is a catalyst for change. Indeed, and without it, here is that these are all business add a couple of his travelling a more governments have a either two business. But if they do not themselves or Oskar found out of feel more power government just now, they exert their power. Their vehicles of re they will feel that may even come in

JANE HAS been having problems with her new boss Jonathan. "You know the kind of man," she says, as she gazes mournfully into her vodka. "Too much hair gel, and thinks you're going to take clients such as, 'I like to have a woman in each of my teams as it makes the men behave so much better' as a compliment."

"Well, what do you expect if you work in corporate finance?" I comment, but secretly I'm worried. Jane is the sort of feisty bird who eats parsnips for breakfast, and could probably fell trees with one well-aimed blow from her razor-sharp tongue.

It's unlike her to be upset by something so trivial, but she's asked for her usual "s&t" without the "t", so something's bothering her.

She sighs heavily. "There's more," she says. And so there is, unfortunately, a whole lot more. Because Jonathan has taken a shine to Jane - and he's not taking no for an answer.

"I've told him I'm not interested, but he just smiles at me in a really creepy way," Jane says and shudders.

"Honestly, I'll go insane if he makes another comment about how attractive I look today, or how I should wear that shade of lipstick more often."

"And if he puts me on the knee again... Do you think I should complain to someone?"

Always a tricky one, this. If she says something to personnel and they have a word with him, he could make her life a misery. Whistleblowers get short shrift in pretty much any business, and the City's no exception.

On the other hand, Jonathan's clearly determined to treat my best friend as his next merger and acquisition, and as far as she's concerned, his a hostile bid.

"Well, I think you have to complain," I say. "You know the score. If you fancy them, it's flirting. If you don't, it's sexual harassment."

THE TRADER

The office pest with the hands-on approach may not be quite what he appears to be

"If he tries to block your career, you've got him over a barrel." "He'd probably like that," Jane replies and looks faintly sick.

"Urgh, what a thought." Then we both stare into our glasses and I wonder why the world of work has to be so complicated and whether I shouldn't have a neat vodka, too.

Suddenly the idea of us both throwing in the towel and opening a flower shop together seems irresistibly attractive, until I remember that that would probably mean the two of us getting up even earlier than we do now.

Luckily, sexual harassment is something I haven't had to deal with, unless you count the gashly

Neil scheming to get me sacked because I wouldn't go out with him - which, come to think of it, you should.

Still, he never patted my knee and he never made a lunge, except on one occasion after a particularly rowdy business dinner but luckily he was so drunk by that time he was seeing double and went for the wrong one of me.

So I'm full of sympathy for Jane. The next time I speak to her, though, she's back to her old self and the boss problem is completely cured.

I'm longing to hear what happened to change the situation so, and Jane laughs. "I was having

birthday drinks for Toby in Rupert Street at the weekend: just me and 10 terribly camp gay men. Anyway, who should I spot in a corner but Jonathan - with a tight white T-shirt and his arm draped round a beautiful boy."

"You mean..." I say. "Yes," Jane continues. "All that heavy-handed flirting is a cover-up. You know what the City's like. He's terrified someone might find out he's not straight, and ends up overcompensating massively."

There's a relief, I think. Jane can relax at work, and the tonic water industry gets a reprieve.

"Oh, and there's one more thing," Jane says. "I got my promotion."

Still no relief on charity tax pain

BY STEPHEN BURGESS

ALMOST 300 members of the Charities Finance Directors' Group met in London last week to discuss the Government's proposals on the future of taxation for the voluntary sector, outlined in the Consultation Document with the Budget.

The reaction was disappo-

ment. While important in-

centives for giving have been

included, the main demand - for

a rebate of charities' VAT burden,

or at least a big overhang - have

been ignored. There is no com-

pensation for the phased loss of

Advance Corporation Tax (ACT)

relief, in effect a £250m tax on

charities' income, introduced on

covensants and the like.

For every 1p fall in the basic

rate of income tax, charities

lose about £15m in tax claims.

As rates dropped from 35 to 23

per cent, the cost to charities

climbed by £200m. With the prospect of more falls, income

will be hit further.

The tax and VAT implica-

tions were lost on donors, per-

haps fortunately. A 1996 survey

found that 80 per cent of people

thought charities did not pay tax

and 90 per cent believed they

should not.

What was more, as Conserva-

tive governments began to

withdraw support from the wel-

fare state, charities saw the

VAT bill rise even further. Tak-

ing over roles played by local au-

thorities, saving money by using

volunteers, having to pay VAT

and then listening to ministers

talk of the tax benefits provided

to charity for the ever-rising tax burden

was on the way. Voluntary or-

ganisations united in calls for a

rebate in the cost of VAT, sim-

plification of the tax rules and

more incentives for giving.

Now, a year late, the Consulta-

tion Document has been pub-

lished. Clearly the Government

is unable or unwilling to meet

calls for a VAT rebate. Con-

cerns about EU law, misuse of

charity status and pressure from

the small-business lobby are

not an uncharing government.

When Tony Blair talks of a Third

Way, a giving generation and

helping those who help those

it is with conviction. But how is it

to be done? Where do charities

go from here?

The Consultation Document

does include ways to support the

sector. Government proposes

help with income generation,

which could turn the tide on the

key issue affecting charities

today - the falling number of

donors. While not addressing

specific requests, the proposals

are valid. A lower tax burden

would be a boon today, but the

lifeshow of tomorrow's charity

is with its volunteers and donors.

Without them, there will be no

money to spend and nobody to

do the work. But is the promise

of regular giving at affordable cost

with effective marketing, this

must help charities to obtain and

develop support. But they need

some assurance that the tax re-

claim will not continue to be

eroded as the basic rate of in-

come tax drops. Responses to

the Consultation are due by 31

August, and the Government re-

quests consideration of some 30

points.

While the proposals do not go

far enough, by encouraging giv-

ing, they offer charities a root to

fish with.

Stephen Burgess is Charities

Director at the accountants

Saffery Champness. He serves

on the management committee

overseeing the new MP Sec-

ondment Scheme.



Anthony Barber introduced value-added tax when Chancellor in 1971; by 1997, irrecoverable VAT was costing charities up to £400m a year

Nuts and bolts training adds up

BY ROGER TRAPP

WHEN SIMON DAVIES joined the retail group Dixons a few years ago he quickly realised that the level of demand for quality young accountants meant that the company and others like it were going to find it increasingly difficult to do what they had traditionally done - fill their finance positions with part-qualified and newly qualified chartered accountants emerging from firms.

As a result, Mr Davies, the company's planning and analysis director, "started from nowhere, developing a training

programme which the scheme provides for companies is benchmarking against other training efforts.

Mr Davies sees this as a "very important" element in helping the company to ensure that it has an excellent training programme.

In turn, that helps the company differentiate itself in the marketplace for good-quality recruits, while the graduates

themselves gain from being on a recognised course. Dixons, which has just become the 1,000th partner in the scheme that started in 1996, has 10 people involved and is expanding that number by five a year.

The success of the scheme appears to be increasingly attractive to all sorts of employers, largely because of its practical grounding in the "nuts and bolts" of business.

The institute says one financial director has said the requirement that trainees apply their knowledge in a wider business context was particularly useful, since his company expected trainees to make an impact on the business from the

student's development.

Pointing out that it combined flexibility and practicality with a rigorous structure, he adds: "But what makes TTP stand out is that it is an employer-based partnership."

The TTP programme achieves this through offering

a highly structured course in four stages, each with four modules - ranging from financial accounting fundamentals to management accounting control systems.

According to Customs & Excise, one of the public sector bodies to have signed up, a key benefit is that the scheme provides "a key professional benchmark" for training accountants.

PricewaterhouseCoopers, the world's largest accounting and general professional services firm, has set about establishing the programme in such places as Poland, Cyprus and Malaysia.

Allan McNab, founder of the firm's training scheme, said CIMA had addressed the concern about the continuing global shortage of world-class financial business managers.

Jake Claret, CIMA's director of member services, says: "What we've developed is a total-quality approach to the needs of students and business to ensure a win-win situation."

Pointing out that it combined flexibility and practicality with a rigorous structure, he adds: "But what makes TTP stand out is that it is an employer-based partnership."

The TTP programme achieves this through offering

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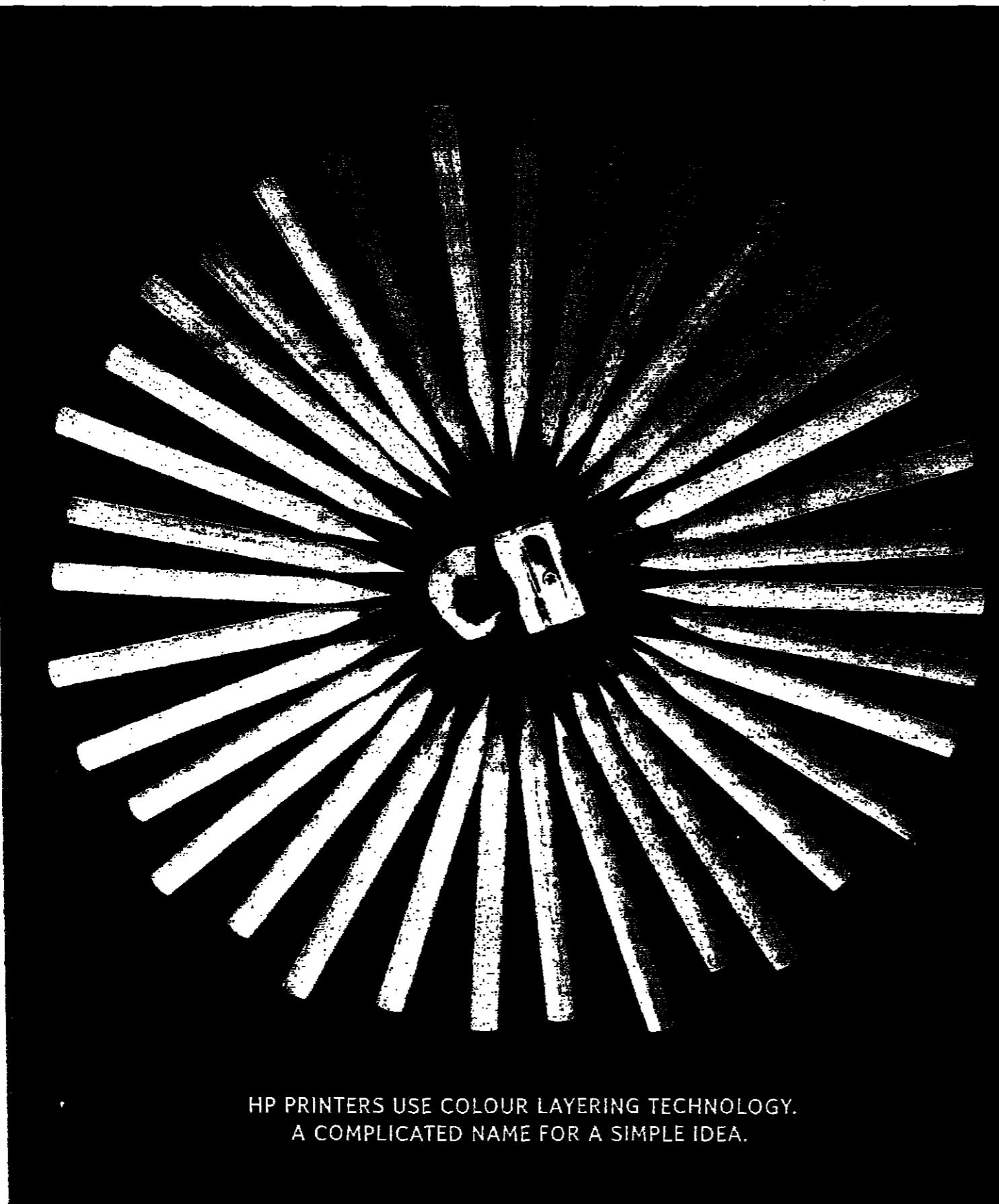
ME AND MY PARTNER

WILLIAM CAREY AND NIGEL LEGGE

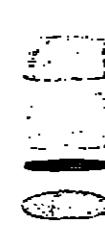
William Carey was recruited by Nigel Legge to his sales team 13 years ago. Nine years later, the pair established River and Mercantile Asset Management, specialising in the UK stock market. They now manage £550m on behalf of 7,000 clients



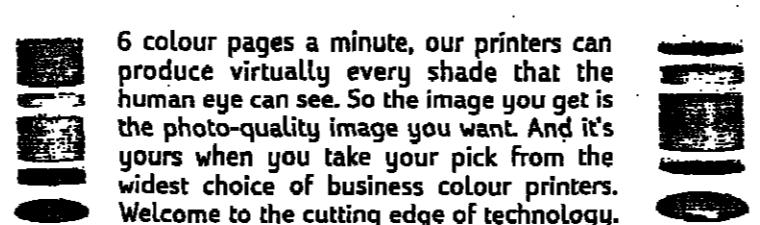
'We wanted to challenge some of the conventional thinking, that you had to be a big company to be in fund management': William Carey (left) and Nigel Legge have headed River and Mercantile since 1995. Tom Craig



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Expanding Possibilities



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WILLIAM CAREY: In 1988, I wrote to the managing director of Henderson Administration to say I was interested in working in the unit trust industry. I was called in front of Nigel, the sales director, who offered to make me part of his team: I had a defined number of clients in a specific part of the country and my job was to make sure they got a good service. Nigel was hugely enthusiastic, very loyal and able to get things done. He's focused, and it was good to hold on to his coat-tails. I was with someone who was definitely going places.

I was out on the road four days a week, with five appointments a day. I explained to clients that I was new to the job, but they could ask me any question and I would get the information for them. I enjoyed the role of selling enormously, but it was a big company and there were a lot of people above me. I was keen to look at other sides of the business, and I was offered another job as an investment manager for an independent financial adviser, the John Lamb Group.

Then Nigel, who had been offered the job of sales director at James Capel, said: "Here's a hell of an opportunity - do you want to come and join me?" That put me in a difficult position because I had made a big decision to join the John Lamb Group. I jumped on my motorcycle and went to see the two owners of the group that evening. They thought I should take it, so I joined Nigel.

When I started at James Capel, our job was to raise money as quickly as possible. We were able to offer clients something different: people liked the idea that we were recommending James Capel products, because the name had a certain pedigree. We started as a small team - just 12 - but as it grew, Nigel became managing director and I was sales director for European business.

We have always worked incredibly closely. During that time, we grew to know each other very well. Then in 1994, I got a call out of the blue, asking whether I would be interested in setting up a unit trust company. I thought there was no point in leaving a big company to join another unless you got equity. But the carrot was there.

I didn't feel I had the confidence to be the lead man, so I spoke to Nigel and we decided this was very much something we would like to do. We realised we would never have tried to set up a company called Legge Carey, but what was presented in this company was a name - River and Mercantile - that had been around for 108 years, with existing funds under management, and we could call the shots. That was very interesting and very exciting.

We wanted to challenge some of the conventional thinking: that you had to be a big company to be in fund management, for example. I think people thought we were mad, but nobody can criticise you for having a go. Soon after we

started trading on 14 July 1995, our parent company sold off the investment trusts to other houses. That changed our perspective on life. We hadn't thought it was a possibility when we joined, but it did make sense because they were complex structures and due to wind up in the year 2000. But we could no longer say we had £400m under management, so that was quite a frightening moment. How were we going to persuade fund managers to join us when there was nothing to run? We were told we had to cut costs by 35 per cent, and we had a pretty open meeting with all the guys who had joined. We said: "We can cut staff, or we could take a pay cut." We didn't take anyone, but people took that big cut, and I think they knocked down. They were always convinced that we could do something. The most satisfying moment was after about 18 months when we made more money than we spent. That relieved a lot of the pressure about one's responsibility to the people who work here. It would have been difficult for one person to have not gone completely bald during that first period. But we shared it. Nigel

stand investment, but I wouldn't be here trying to encourage you to buy if I didn't have tremendous confidence in the people who are doing it." It was an open, trusting approach to get people to invest with us. We didn't want to hoodwink anybody. If we could build our business round transparency, integrity and honesty, I thought we could achieve something. It was an environment where you could respect and work with each other's strengths and weaknesses, which is why William and I have stuck together for so long. I am much more impatient than he is, but we have learnt to act as a foil to each other.

I left Henderson in 1988 for James Capel. William had left to become an investment manager for private clients - he was slipping over to the other side of the fence, and it was a valuable period for him. Then he and Richard Farquhar, who is now also at River and Mercantile, joined James Capel, and we had a good sales team because we enjoyed each other's company and did business with people who were happy to do business. It was fluid and never felt hierarchical - there was a strong chemistry between us. We experienced huge expansion, and James Capel became part of HSBC.

One aspect of William's responsibility was looking after the PEP business, which was complex and highly regulated and therefore needed a safe pair of hands. It also helped that William is a great diplomat.

It just followed on that we would set up together. We would kick around ideas of what we thought we would do, unless it was blindingly obvious - in which case we would just do it. In bigger companies, you have to manage in the way that gives you the best chance of further progress - which is about politics. What's important is delivery. William and I are both quite strong-willed, and we have occasionally disagreed, but it now gets resolved quickly - when one has a firm view on something you can say, "I really don't think you are right on this one."

I remember at James Capel people always talking about the future. We had a fantastic role, and I remember saying to William: "We are not going to go anywhere - unless we are given a chance to do our own thing."

The opportunity came up soon after, through a contact of William's. The crunch came when it was time to leave: it was very difficult and we had huge trepidation, but there was a certain pull. It was something we had to have a go at. We felt there was a good chance that we might be able to build something. I don't think either of us wanted to get to 60, only to think: "We should have had a crack at it."

William is now the godfather to my one-year-old daughter, which is nice after all the ground we have covered. We now have £550m that we manage for other people, which is considerable growth, and progress beyond all our expectations.

Established River and
half of 7,000 clients

WEDNESDAY REVIEW

COMMENT • FEATURES • ARTS • LISTINGS • TELEVISION



Waste of money



Sexual deviant



Bully



Drug pusher



Hamster molester

So, what's your complaint?

It was Sooty and Sweep's turn to feel the lash of public disapproval this week. The anarchic glove-puppets were criticised by the Independent Television Commission for excessive smirking on screen - though it was the scent of aromatherapy oils rather than solvents or Bovril that drifted up their cutesy little nostrils. "It sounds silly," an ITC spokeswoman said defensively, in the wake of much sarcastic comment in the media. "But if you had seen them splashing the oils about and sniffing and giggling and falling over... These oils can be dangerous."

Part of the Commission's job is to monitor advertisements and programmes shown on independent television; in this case, they said, it was their duty to protect children from viewing "dangerous behaviour which could be easily imitated". But they didn't themselves upturn the dusty bears for misbehaving. They were forced to step in after they received 11 complaints from the public (including two worried aromatherapists).

To libertarians this little episode may seem a fine example of what a mollycoddled nation we have become, presided over by an overbearing nanny state. But it raises the question of what exercises the great British public sufficiently these days to lobby the ITC and other advertising and broadcasting regulators.

Sex, for example, no longer winds us up as it used to. Ah, the happy days of the Sixties, when every *Wednesday Play* on BBC1 was greeted with shrieks of moral outrage, every modest sexual overture threw the national Viewers and Listeners' Association into a loop, and every glimpse of nipple in the films of Ken Russell was accompanied by groans that suggested the fabric of British society now resembled the mattress of a Port Said brothel.

People complained about sex in books (*Lady Chatterley's Lover*), in the theatre (*O Calcutta, Haze*), in the movies (*Women in Love*, *Flesh*) and in public life: they complained about the very existence of Mandy Rice-Davies, the shocking bad taste of John Profumo, the naked rear elevations of John Lennon and Yoko Ono.

These days, by contrast, the ITC has had 100 complaints about C4's sexually explicit gay drama, *Queer as Folk*. That there should be complaints is hardly surprising, since the series features more men (including a 15-year-old) on their

knees than the average Muslim prayer-day; but 100 complaints is chicken-feed when compared to the record 1,554 complaints that flooded into the ITC's mailbox in protest at the televising of Martin Scorsese's *Last Temptation of Christ* in 1995. The public merely whimpered at *Queer as Folk*. Ten years ago it would have roared. And significantly, many of the complaints came not from people who object to gay sex on telly but from gays who rejected the portrayal of homosexuals as heartless flesh-bait.

The old shock-horror response to graphic smut is still voguishly with us, but now complaints tend to occur when the sexual "offensive" pops up in an unexpected place, like the lesbian kiss in *Emmerdale* (64 complaints at the ITC) and the incest storyline in *Brookside* (54 complaints - though heaven knows who could still be surprised by a *Brookside* story line).

The majority of sex-related complaints these days are very PC. According to the Advertising Standards Authority, the guardian of standards in press and poster advertising, people are in-

creasingly offended by the portrayal of women - and men - as sex objects. A half-naked woman draped over a car used to shock because she was half-naked; then because she was being casually exploited. Now a half-naked male swigging Diet Coke and being ogled by stenographers in horn-rim specs is just as likely to upset gender-fascists. Violence and bad language in advertisements are less likely to upset us these days, say the ITC, although French Connection's enormous "f**k" hoardings showing a spiky female heel about to penetrate a male bottom represent the edge of the acceptable (and show that complainers about such things have no sense of humour). And when it comes to complaints about taste and decency, animals and religion occupy the high ground of controversy that was once the province of muddy Alf Garnett.

Take Kevin the hamster, whose "death" in the service of Levi jeans recently prompted 519 complaints to the ITC. In the Levi commercial, Kevin was shown running round his exercise-wheel in rude and happy health. But then the wheel broke, Kevin died of boredom - and at the advert's bleak finale, a dead hamster (thankfully a rodent)

double) was being prodded with a pencil. "What it had to do with jeans, I'm not sure," confesses a baffled ITC spokeswoman. "But parents complained that children were upset because they had had hamsters that died, or might die the same day. We rarely pull an advert, but the Levi ad was shifted to after 9pm."

The ASA's most complained-about advert also involved animals, namely a cow on a poster which reflected, via a thought-bubble, that if becoming a burger was all there was to look forward to, it was best to be washed down with Irn Bru. An astonishing 539 people complained about the ruminative bovine. "Some were animal lovers, others vegetarians," recalls an ASA spokeswoman. "Hindus also complained on the grounds that the cow was sacred." The ASA did not uphold the complaint. They did not think the advert caused widespread offence.

The eating of a human placenta on Hugh Pearnley-Whittingstall's *TV Dinners* programme last year, in which the wall of a human womb was expertly converted into a smooth paté, was a bor-

derline case for the public-decency watchdogs. You couldn't complain that it was exploiting animals, nor that it was an unwarranted invasion of the human body. It didn't even look particularly gross. The Broadcasting Standards Commission censured the programme saying that, despite warnings, many people had been taken by surprise (perhaps they misread the recipe as potato), but the ITC found nothing to criticise.

There's a growing tendency for pressure groups to orchestrate their members to complain to the ITC and other bodies en masse, and each time they do, our perception of what exactly concerns "the public" gets distorted. But sometimes you can find unexpected little sensitivities among more predictable issues. Consider the tongue-in-cheek IKEA advert, for instance, in which an employee was made redundant so that his company could buy new furniture. A stream of indignant letters followed. "Complainants did not think that redundancy was a subject for humour," says the woman from the ITC. And the company pulled the advert. At the top of the Commission's complaints chart, alongside Jesus Christ and Kevin the hamster, sits *Against Na-*

ture - a controversial appraisal of the environmental lobby, shown on C4 last year (151 complaints) and *Hell's Angel*, an unflattering portrayal of Mother Teresa (134 complaints). In both cases, the complaints exemplified another modern trend: where once we might have been shocked by heresy or have deprecated the despoliation of the rainforests, we now complain about unfairness and partiality, lack of balance, under-representation of a point of view, heartlessness. We have become unspeakable, to a degree, by scenes of sexual coupling, of violence, of war and assassination, of filched flesh and the use of the c-word. We may blink at *Sex and the City* or *The Lokes*, but soon accept them as modern comedy or "strong" drama. Instead of complaining about the things that upset our parents' generation, we are newly attuned to questions of balance, more concerned about the sensitivities of others.

We complain about different things. Finding fault has been a national pastime with the British people for at least a thousand years, since they complained about the unpreparedness of their king, Ethelred, back in the year 1000. In the Nineties, certain things have achieved an iconic status as Complaint Fodder. All taxi drivers and schoolchildren now seem required to disparage the Millennium Dome as a "waste of money". It's not that it looks funny or is difficult to get to; it's that it represents an "unfair" use of taxpayers' money and lottery funds. It's unfair to the poor, the hospitalised, the needy...

Maybe it has become harder to complain. Take restaurants, for instance. Once we objected to a fly in the vichyssoise and expected it to be dealt with unquestioningly. Now, restaurants have raised their game so stratospherically that you're more likely to find the proprietor complaining about you - your dull impatience at waiting an hour for the pan-fried John Dory, your failure to appreciate the unearthly lightness of the cappuccino de mousse. Try complaining today about finding a hair in the tagine of pork at a fashionable restaurant and they may well say, "It's probably one of yours" and complain about how you've ruined the dish with your galloping aperitifs.

Once we could demand to see the manager. Now we watch restaurateurs on TV at a respectful distance, and complain about having to watch Gordon Ramsay chewing the face of his pastry chef. It's just not good enough.

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FASHION

C

School gimmicks

Sir: Mentors and special tuition for 10 per cent of bright pupils. Who dreams up these gimmicks at the Department for Education and Employment? I have just retired after 30 years as teacher and head and the stupidity of this department never ceases to astonish me.

The answer to the problems of difficult schools is smaller teaching groups, which enable the teacher to give more time to the special needs of pupils.

Instead of wasting millions of pounds on "initiative a day" management, just give the money to schools and allow them to employ more teachers (not mentors, whatever they are).

Many MPs, including Mr Blair, have moved their children to schools with budgets that enable them to operate small teaching groups. Listen to the teachers, Mr Blair, not the civil servants. Classes of thirty are a disgrace and it is about time class size was brought into line with the private sector.

TONY CALLAGHAN

Harpenden, Hertfordshire

Sir: The Government wants A-level students to attend classes for many more hours each week.

At present, most students do part-time work during their free time. They can then save up some money to help them afford to go to university. Finding time to do this will be virtually impossible now.

Guess who forced students into this part-time work, by cutting higher education grants?

WIN DAVIES

Buryport, Dyfed

Sir: Having had two children from my family experience the challenges of comprehensive education I, like Deborah Orr (Comment, 23 March), find the idea of extra tuition for the so-called talented risible. It suggests an uneasy balance between remaining nationally committed to non-selective education while at the same time promoting internal selection procedures which will be identified by staff and children alike as divisive and arbitrary. When I was a governor of Pimlico school I would never have sanctioned such special treatment.

Comprehensives, if they are to work, must create a community of talent in which the less able never feel excluded. Pimlico offered all the support necessary to the bright and determined children but was struggling to cope with the marginal ones who needed focusing. These children could benefit from extra tuition and a whole variety of extra-curricular activities. Sadly, comprehensives, because of their comparatively low-income parents, are rarely able to raise enough money from the PTAs. Hence the private sector wins. That is where the Government should be directing the money.

By endorsing Tory marketing concepts which encourage us all to scrutinise the league tables, the Government has fallen on its face. It is unrealistic to expect that those middle-class parents whose sole concern is their own child's prospects, and who are locked into the relentless scramble for selective secondary school places, will be converted to comprehensive education by this offering.

NICHOLAS PAUL

London SW11

Sir: It takes less than a week in teaching to appreciate that only a minority of children are very intelligent. It is obvious that those who are will best flourish and realise their potential when educated among their peers and that those who teach them should be sympathetic and cultured.

The ethos of the majority of comprehensive schools is anti-elitist and anti-intellectual (a major source of bullying). Discriminating middle-class parents shun them for this reason.

When the Government's proposed experiment in the comprehensives fails, common sense and competition will restore the grammar schools.

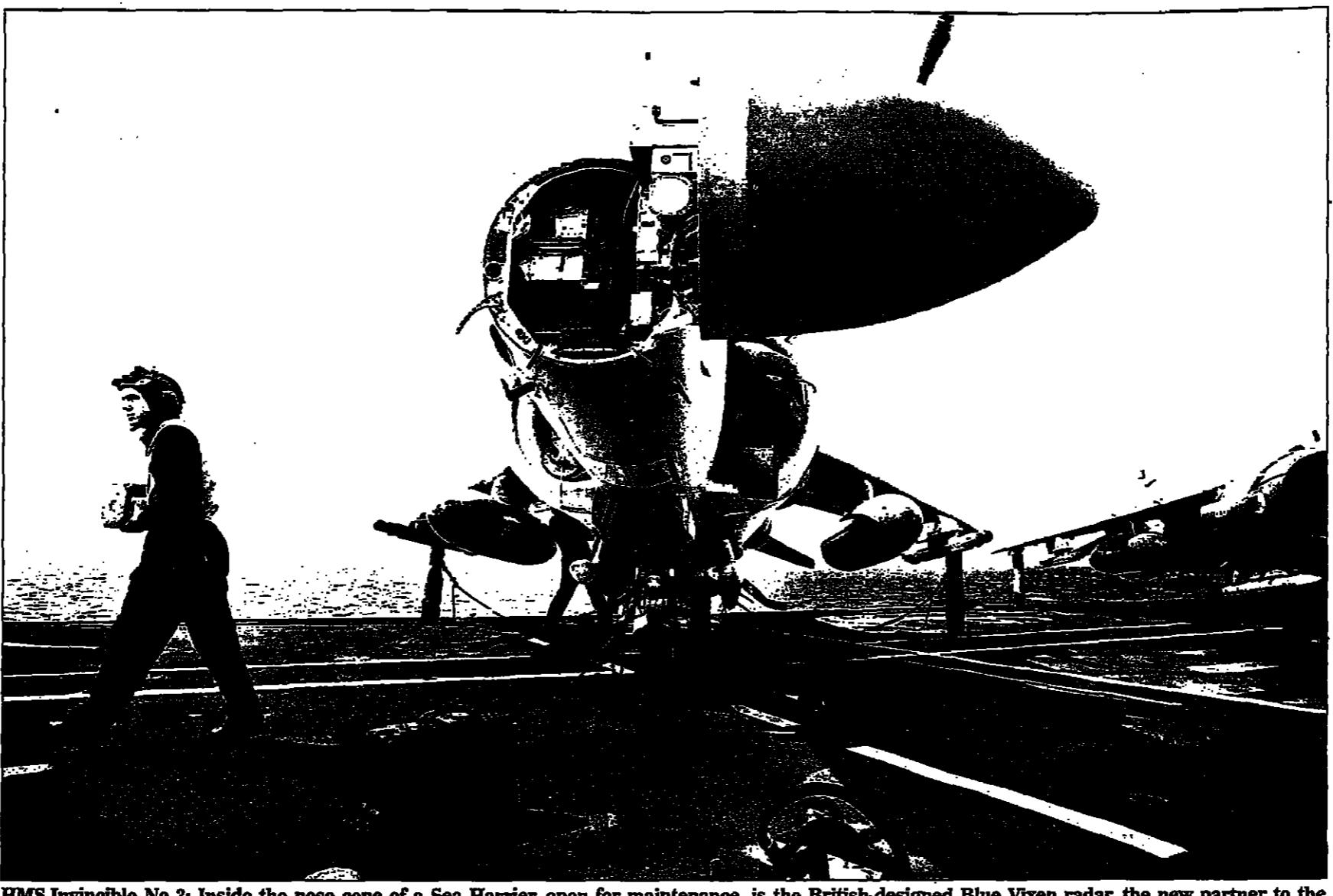
P G ADDISON

Ipswich

LETTERS TO THE EDITOR

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Letters may be edited for length and clarity



HMS Invincible No 3: Inside the nose cone of a Sea Harrier, open for maintenance, is the British-designed Blue Vixen radar, the new partner to the American AMRAAM (advanced medium range anti-aircraft missile), also known as 'fire and forget'

Neville Elder

Sir: Ministers claim they are privatising Hackney education authority because they are acting on behalf of Hackney parents and children ("Hackney loses control of its schools", 20 March).

In fact at no time have local people been consulted about this. And privatising the education authority was not part of the local election manifesto or my manifesto at the general election, for the very good reason that this is not Labour Party policy.

There is no evidence that this will raise standards. What it will do is put tens of thousands of pounds, which should be spent in schools, in the pockets of consultants and contractors. And it will undermine local control.

If ministers really want to raise standards in areas like Hackney they should try giving teachers a decent salary rise. But that would mean taxing Middle England. And the Chancellor has actually cut income tax. So New Labour is prepared to sacrifice the life chances of poor children on the altar of low taxation, and rely instead on gimmicky management changes and consultants.

DIANE ABBOTT MP
(Hackney North and Stoke Newington, Lab)
House of Commons

US trade war

Sir: It beggars belief that the US is invoking free trade agreements in an attempt to force Europe to accept GM animal growth hormones ("US and Europe over GM milk", 22 March), which are not only unnecessary but actually harmful to human health.

Free trade is not intended to subvert national health strategies simply to provide US shareholders with a fast buck. Can we now expect Colt to demand greater access to European consumer markets for its precision-engineered weapons?

If so, perhaps the Medellin cartel should call on the American government to allow unrestricted imports of cocaine; at least that is a

product the US public seems to want.

MARK WOODWARD
London, E15

Sir: The biggest threats facing animal welfare today are the free-trade rules of the General Agreement on Tariffs and Trade (GATT), enforced by the World Trade Organisation. Already, two key European Union animal protection measures – the ban on the import of furs from countries using the leghold trap, and the prohibition of the marketing of cosmetics tested on animals – have largely been unravelled as a result of EU fears of WTO challenges. We are facing the same problem in trying to resist the import of genetically modified foods from the US.

Moreover, the GATT/WTO is making it increasingly difficult for the EU to introduce new animal welfare measures. The WTO allows the EU to ban a cruel rearing system within its own territory, but the inability under the WTO to ban the import of meat or eggs derived from animals reared in that cruel system in practice strongly deters the EU from banning the system within its own jurisdiction. The main reason why the EU is reluctant to ban the battery cage is that under GATT rules it could not ban the import of battery eggs.

The EU must include the animal welfare problem among its negotiating objectives for the WTO

Millennium Round, a new round of negotiations starting in 2000, at which there is an opportunity to get new rules agreed.

EVE STEADMAN
Cambridge

Sir: We have already witnessed the threat of unilateral American sanctions as a response to the banana dispute between the European Union and the US. A recent edition of the television documentary on the Cold War provided a chilling reminder of the lengths to which the US will go to counter a threat to its strategic banana interests in Latin America. Economic sanctions, subversion, and if all else fails, they send in the Marines. Europe beware.

DR BRIAN HOUSTON
Hartley Wintney, Hampshire

Fathers shut out

Sir: That a divorced or separated father should "run around in a BMW and pay nothing towards his child's upkeep" is, as the Social Security Secretary says, intolerable ("Darling backs paying by CSA", 22 March). A couple of thousand of them are rightly sent to prison each year for such conduct.

However, there is ample research to show that nearly half of all single mothers deliberately obstruct or completely block access to their children by the fathers. It is a rarity for even one of

them to be sent to prison for repeated ignoring of court orders regarding paternal access.

Is this not equally intolerable and what does this government propose to do about it? What price sexual equality?

JOHN C GRIFFITHS
Redbrook, Monmouth

Falklands claims

Sir: We cannot let Ambassador Pfler's justification for Argentina's claim to the Falkland Islands unanswered (letter, 18 March).

First, it is not surprising, considering the membership of the UN Decolonisation Committee, that Argentina has found some support for its claim there. But in today's world we seriously question the relevance of the Decolonisation Committee. There are few remaining overseas territories, and all the British ones, including the Falkland Islands, have no wish whatsoever to sever the constitutional link with the mother country.

Second, contrary to Mr Pfler's assertion, it was a British seafarer, Captain John Strong, who made the first recorded landing on the Falklands in 1690, and British sovereignty was claimed in 1765, not 1833. Even then, there was no settled population in the Islands.

Third, many of the present inhabitants of the Falkland Islands are the descendants of the first

settlers, sixth- and seventh-generation Islanders whose families have lived here longer than many Argentines, including President Menem's family, have lived in their country.

We just wish that Argentina would stop pursuing a claim which we at least regard as ill-founded and anachronistic. The best way for Argentina to respect our way of life – as Mr Pfler says they wish to do – is let us get on with it free of the threat of colonisation – for that is what it would be – by Argentina. COUNCILLOR JAN CREEK
Falkland Islands Government
Stanley, Falkland Islands

Plea for design

Sir: I applaud the desire of Marco Goldschmid, the new president of the Royal Institute of British Architects, to convince us all of the importance of good design ("A fresh facade for British architecture", 22 March). I fear, however, that his words echo those of former presidents over the past decade.

The British public, more than their continental counterparts, are conservative to a degree in their taste for design and architecture. This is largely due to ignorance and the "I know what I like" syndrome. Until we start to teach good contemporary design in schools from an early age this will be an ongoing problem. When I was a member of the RIBA council over 20 years ago my main object was to achieve this goal.

It is no good for the Government to set up advisory bodies unless the public at large understands what good design is all about. I am constantly saddened by the young couple, he with his Lotus car, and Gucci shoes, she with her Versace dress, who only want to live in a thatched half-timbered cottage with leaded windows and low beams to hang your head on (provided they have all the latest gadgets inside and a streamlined kitchen).

ROBIN BUTTERELL
Chester

Triumph of tosh

Sir: Howard Jacobson is right (Review, 23 March). *Shakespeare in Love* is tosh, and I loved it. It was such good tosh. Indeed it takes tosh to new heights, something Shakespeare did in his day with *A Midsummer Night's Dream*, for example. Furthermore, it makes Shakespeare accessible to a lot of people who wouldn't otherwise read him. I went to see the film with an Austrian friend who has a degree in English and had always steered clear of Shakespeare. After seeing the film, she went away determined to try reading one of his plays.

As for the Christopher Marlowe joke, this got a real belly laugh in the cinema, something Shakespeare would have been proud to have caused.

Congratulations to all those involved in the film. You deserved your Oscars. Thank God Shakespeare doesn't only belong to the dry and dull purists.

MARY ZACAROLI
Oxford

Sir: The news of the success of British films in the Oscars is most encouraging and the recipients of these awards deserve our warmest congratulations.

That does not mean, however, that we should be complacent about the future of the British film industry. On the contrary, when *Shakespeare in Love* is rewarded by seven Oscars, recognising talents such as those of Tom Stoppard and Dame Judi Dench, it is distressing to note that the film is financed by America (good luck to them for spotting the commercial opportunities) and that the profits will go back to the US.

Until we begin to address the many structural problems which our industry faces – the lack of integration as compared to the US – we will not begin to achieve the consistent level of success which our creative talents are worthy of.

TOM CLARKE MP
(Coatbridge and Chryston, Lab)
House of Commons

The writer was Minister for Film and Tourism, 1997-98

Sir: The British media consistently misinform readers as to the nature of the US "R" (not restricted) movie rating. It is not, as you stated in connection with the film *Eyes Wide Shut* ("Kubrick's final legacy", 12 March), an "adults only" classification, and the "restriction", such as it is, merely requires that persons under the age of 17, (and that can be any age below 17), must be accompanied by a person over the age of 17.

The US "adults only" classification (the equivalent to our "18") is "NC-17", which is awarded to very, very few films indeed, and films so classified may not be seen by persons under the age of 17, whether accompanied or not. No major studio productions ever get classified "NC-17" as it is considered "bad box-office".

People in Britain fail to realise how incredibly mild the US film rating system is compared with here, and American children, if they have a mind to do so, can probably get to see almost all those films which in Britain are passed only for over-18s. That is something to reflect upon.

DAVE GODIN
Sheffield

Steamy

Sir: My Finnish friends must be bemused by the headline "Chief constable MP was in sauna" (17 March). Sensible fellow, I imagine them thinking. Curiously, there is no mention of a sauna in the article itself, but rather of a "Thai massage parlour".

I don't know what the Thais make of this, but the Finns find it hard to comprehend the sleazy connotations in Britain of their great national institution. And they regard as quite extraordinary the fact that advertisements for domestic saunas invariably depict families prudishly sitting around wearing towels.

NIGEL GREENWOOD
London NW2

Persistent rumours of a civilisation beyond Berkshire

YESTERDAY I made the strange claim that interesting things happened outside London which London knew nothing of. I hope nobody took this to be a reference to fox-hunting. Fox-hunting is indeed interesting and rural, but Londoners are very well aware of the fact that it happens. Indeed, some Londoners, impressed by the billions of people who come on Countrywide Marches to the capital, may be under the impression that nothing else happens in the countryside except fox-hunting.

Well, I moved from Notting Hill to west Wiltshire 12 years ago and I have seen no fox-hunting yet. Plenty of foxes, but no hunting. What I was thinking of, when I referred to interesting things happening outside the capital, was something like Bath's Natural

Theatre Company, The Naturals, as they are known locally, have developed some highly sophisticated street theatre techniques, for which they have received awards in places as far apart as Japan and South America.

I'm not talking about juggling and fire-eating here. I'm talking about real street theatre, which people in London may not be aware of. I certainly wasn't till I encountered the Naturals.

I once asked one of the stalwarts of the group, Brian Popay, if they took the same acts all over the place.

"One 'policeman' and 'police-woman', I remember, walked round hand in hand for hours. You should have seen the looks of disbelief on the faces of the bearded music-lovers, especially when the police couple would occasionally dis-

"But the best thing to do is to devise something peculiarly apt to the particular event we have been invited to attend. For instance, we were once hired to provide entertainment at the Glastonbury Festival. Now, a rock festival is a place where so many things go on: sex, drugs, mud – that you'd think it would be hard to surprise or shock anyone there. But then it occurred to us that there is always one predictable well-behaved element at a rock festival: the police. So some of us dressed up as members of the police and, well, misbehaved.

"One 'policeman' and 'police-woman', I remember, walked round hand in hand for hours. You should have seen the looks of disbelief on the faces of the bearded music-lovers, especially when the police couple would occasionally dis-

IN BRIEF
I was much encouraged by Roger Chapman's suggestion (letter, 22 March) that tax relief for charities was just another way for the rich to transfer the burden of tax to the poor. The thought that the rich are foolish enough to spend £77 just in order to unload £22 in tax must give the poor new hope.

RICHARD STURCH
Isle of Wight, Oxfordshire

Sir: Washington says it wants to restore Kosovo's autonomy.

MARTIN COTTON
Twickenham, Middlesex

Sir: I was much encouraged by

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Another example. Bath has an

annual boules tournament in Queen Square, and every time I refer to it glowingly in print I tend to get letters saying: "If you think the Bath boules tournament is great, you should come to the one at Sherston in North Wiltshire. That's a real boules event."

Why Scarlatti? Hard to explain. Even harder to explain why these shows are very popular in Germany, where the Naturals often go on tour – they have just come back from doing a season of Scarlatti's *Revenge* (in English) in Hamburg at the little old St Pauli Theatre.

The point of all this is not to puff Bath as a happening place – actually, Bath can be guilty of the most deadening inertia – but to point out that things like a Bath-Hamburg liaison can happen without London being involved or even aware of it.

Another example. Bath has an

PANDORA

PETE TOWNSHEND is to snub London's West End and open his new musical *Psychoderelict* on Broadway next year. The long-awaited successor to *Tommy* and *Quadrophenia* is about a middle-aged rock star who emerges from self-imposed exile only to step straight into a media scandal. Pete Townshend, on his lonesome own, to polish his autobiography, recently confessed to lustful feelings for one M. Jagger. Suspicious minds in Ireland suggest that *Psychoderelict* is in any way autobiographical should be thoroughly ashamed of themselves.

THE AGEING British Fascist John Tyndall is promoting media friendliness among Britain's lunatic fringe. A four-person team filming *The Lost Race*, a documentary about the far right to be screened on BBC2 tonight at 9.40pm, was finally granted access to Tyndall's lovely terraced home somewhere on the Sussex coast. But before giving admittance, the 65-year-old physical fitness nut insisted that the producer, Ben Lewis, who is Jewish, sign an agreement to prohibit filming inside, or indeed the crew entering the property's lavatories - something nasty in the bathroom cabinet? When quizzed about this by Lewis, Tyndall advised the crew to empty both bowels and bladder in advance. How prudent.

POPPES HAVE been chosen and baby whales gestated with less fuss than that surrounding the selection of our next Poet Laureate. The front-runner Andrew Motion has been looking good for landing the literary double of both winning the laureateship and writing the biography of the former incumbent Ted Hughes. But while he's still shirt-priced for the Butt of Sack, the Hughes's biography may be slipping from Motion's grasp. Last November the literary renaissance man published a valedictory poem "In memory of Ted Hughes". It described the final meeting between Hughes, Motion and their wives in a pub garden, and was widely viewed as Motion's masterpiece to seal both deals. But it seems that the Hughes estate is now seeking alternative arrangements; the word is that the poet's widow, Carol, didn't like Motion's verse one bit. Or perhaps she was offended that she was omitted from

the watercolour that accompanied it?

NORTH LONDON Conservatives have combined a moral message with a dash of tangy Euroscepticism in a flyer circulating in Hampstead. Councillors Andrew Menneah and Martin Davies vow to keep a vigilant watch on an application for table-dancing at Secrets, a local night-club. "There must be no street-visible advertising of semi-naked girls. This is Hampstead, not Hamburg."

POOR LORD Hollick. After curiously knocking back a cash offer for *The Star* from an Anglo-Irish syndicate last year, he ordered minims to expedite a share swap with Chris Evans's Ginger Group to unload the underclass tabloid. But the deal fell out of bed, leaving Hollick in the embarrassing position of having his red-top stepchild (*The Star*) financially supporting his ailing Express titles. Prisoners of the Grey Lubianka, less than thrilled by *The Express's* disaster-prone advertising campaigns, have taken to pre-emptive strikes on the latest, which features the absurdly optimistic tag line "Full Speed Ahead". "Yeah," one hack said. "On the road to nowhere."

THE SUCCESS of *Shakespeare in Funds* is forcing some out-of-the-box questions among West Coast types. Heard poolside in Palm Springs this week: "But how do we make iambic pentameters appeal to the hip-hop demographic?"

THE FRIENDSHIP between Blur's Damon Albarn (pictured) and the Kinks' Ray Davies has fuelled hype that the duo are to collaborate on a musical. No so, says a mouthpiece. Sure, they're buddies, and yes, they have discussed doing a musical together. But for now, Davies's dance-card is full with his storytelling act and work on his own show, provisionally entitled *Come Dancing*. But when that's done, and All-Blur has finished promotional chores on Blur's new album, yes, the pair may well be singing off the same songsheet.

THE UNEXPURGATED version of Alan Clark's diaries are to be published later this year. What could he have left out last time?

Contact Pandora by e-mail: pandora@independent.co.uk

The defeat of General Wonderful

THE FATE of Augusto Pinochet will be announced today in the House of Lords, and tension among those interested is intense. But as one who was on the spot to watch his coup d'état in the Chilean capital in September 1973, who had friends killed and tortured by him and who has followed his arrest in London with close attention - and no little glee - I am supremely relaxed about their Lordships' verdict.

We who have wanted him and his like punished for their murderous ways have already won. He and his like will never be the same men again. Like some minor warships he and his like have been holed below the waterline.

He has been accused with a wealth of evidence in open court of the most heinous offences. His lawyers have had to argue about their client's crimes in the context of Hitler's. He has been confined to a barely furnished house somewhere south of Staines with disk jockeys and chat-show hosts for neighbours. Consequently, whatever international prestige he could aspire to in the evening of his days has been blown away by Judge



HUGH O'SHAUGHNESSY
He has been confined to a barely furnished house with chat-show hosts and disc jockeys for neighbours

Garzon's avenging wind from Spain. His crimes have been rehearsed to the enlightenment of those who were too young to remember the putsch a quarter of a century ago. Many more people than before now know how his torturers used dogs and mice to violate the women prisoners he was responsible for arresting. The details of the huge fortune his family has accumulated

from the privatisations and arms deals his regime carried out have been picked over and publicised.

But, most intimately, he has been knocked off a personal pedestal on to which he will never be able to scramble back, however many supporters are pressed to him at the airport if he eventually returns to Santiago.

When he was still commander-in-chief of the Chilean army less than a year ago you could watch him glorying at being on parade. As one who won one for a short time many years ago, I could empathise with his enjoyment of an army officer's uniform. His was splendid, a cape with red gorgets at the throat picked out with gold braid.

But the image of General Wonderful in his cape has been superseded by the picture of him squashed between two policemen in the back of a none too spacious saloon car being rushed along the M25 to an encounter with the beaks at Belmarsh magistrates' court, somewhere in the wilderness of East London's Erith marshes.

The recent high jinks in London led me to recall a similar humili-

ation he suffered in 1980 when President Marcos and his wife, Imelda, carried out the only act of public service they ever could be proud of. They cancelled Pinochet's visit to the Philippines when his plane had already taken off across the South Pacific from Santiago and was within hours of landing in Manila. With little fuel left Pinochet landed in Fiji where he suffered further indignities. Ratu Sir Kamisese Mara, the gallant Fijian premier, cancelled his meeting with the dictator, which he had not wanted anything to do with.

And not only were there great difficulties in getting the aircraft refuelled, even on payment of a hefty premium, there was no little delay even in getting a gangway to the plane. So the captain found himself in the position of having to shut down the air-conditioning in order to save aviation spirit, thereby gently broiling Pinochet and his fellow travellers. After the gangway at last arrived, everyone's luggage was minutely checked by Fijian customs, who conveniently forgot the English they had learned as former subjects of the British Empire and who insisted on

reverting to their own exotic South Pacific tongue. To crown it all, on the way to his hotel at one o'clock in the morning Pinochet's car was pelted with eggs and tomatoes by well prepared Fijian demonstrators.

Sadly the world's press and cam-

era crews were not there in force to give the events the coverage they deserved. They have made up for it in recent months in London: this time the dictator's humiliation has been broadcast worldwide.

The effect has been notable. In

Sao Paulo the other day a Brazilian senator remarked to me that, through its treatment of Pinochet, the House of Lords had earned respect around the world. In the streets of Asuncion, the capital of Paraguay, the case of Pinochet in London has prompted calls for the old dictator General Stroessner to be brought back from exile in Brazil to stand trial.

The detention of Pinochet has

had exemplary results: already, I

would like to see him in court again in Madrid. But objectively speaking it doesn't matter: The Spanish judge's action has already had its effect. *Viva Garzon!*

The hypocrisy at the heart of America's banana war



KEN LIVINGSTONE
World trade has always been managed by the biggest, most powerful bullies on the block

THE GROWING sense of outrage at America's bully-boy tactics in the banana wars is no doubt leading a lot of people to question what benefit Britain gets from its so-called "special relationship" with the US.

Here we are, risking the lives of our pilots every day as they go off to bomb Iraq at Bill Clinton's request, while the very same Bill Clinton is zapping our cashmere sweater industry and destroying jobs in the Scottish borders. And if this isn't bad enough, there's the threat of even more severe sanctions against Europe because we have not been persuaded that eating growth-hormone-saturated US beef is good for our health.

Let me make it clear that I am in favour of trade. Since 1945, the successive waves of negotiation that have reduced tariff barriers around the world have seen the growth of trade create both work and prosperity on a global scale. Those nations that tried to shelter their declining industries behind tariff walls merely poured vast subsidies into resisting the inevitable, rather than using those subsidies to create new jobs in more modern industries.

The old Soviet economy became increasingly arthritic because the Communist bloc was excluded from world trade. Through their planned economy structure, the old Soviet leaderships were able to create their own domestic industries which, in terms of quantity of output, came close to rivaling the West. But the products never equalled Western alternatives in terms of sophistication, reliability or marketability. They had no competition.

But to leap from the recognition that trade is a vital part of global prosperity to the oxymorons of free and fair trade, parroted *ad nauseam* by politicians and financiers as they move from one well-oiled global

summit to another, has no logic.

No nation in the world has ever risen to become an economic success story by following the strictures of the IMF or the World Bank in favour of so-called free trade.

The oldest capitalist nations, such as Britain and the US, refused to accept the principles of free trade as they built themselves up into economic giants.

Britain's rise to global economic power came about because we were the first nation in history to invest 5 per cent of our GDP per annum. The new industries created by this investment were protected and coddled by being given preferential access to the British Empire, which in its heyday comprised one-third of the world's population.

Throughout the 19th century American governments constantly complained about the exclusion of their corporations from being able to compete on equal terms in the British Empire. It was not until the Second World War, when Britain was finally on its knees, that America was able to wrest major concessions

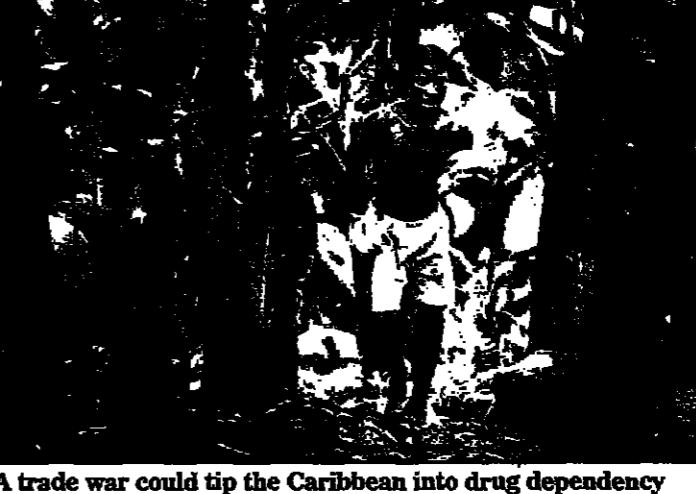
from Churchill's government. During this era, British politicians demanded that the world adhere to the principles of free trade while excluding our rivals from the third of the world that we still managed to control. While denouncing the British, America erected massive tariff barriers.

The hypocrisy of both Britain and the US continues. At each new round of GATT negotiations to reduce tariffs, Britain and the US have demanded that their high-quality finished goods have free access to markets around the world while erecting effective trade barriers to prevent Third World nations from selling their much more cheaply produced food here and in the US.

The simple fact is that American, Japanese and European agriculture are isolated from global competition while Third World nations that dare to try to protect their embryonic manufacturing industries suffer sanctions and financial penalties. Japanese households could purchase their rice for one-tenth of the price they would currently have to pay if the rice producers of South East Asia were allowed the right of free trade.

The billions of pounds, dollars and yen spent protecting our farmers from free trade could be used to create new, high-skilled employment, or even be spent restoring our countryside to health by removing the all-pervasive deposits of pesticides and fertilisers that have poisoned our soil and water.

Over the past two centuries, the nations that have been able to break through Britain and America's rigging of international markets in order to catch up, all have one thing in common. Germany, Japan, South Korea, Taiwan and now China have all made huge strides to close the gap between themselves and the



A trade war could tip the Caribbean into drug dependency

English-speaking world, but only by protecting their domestic markets from the impact of free trade. It was only when those domestic industries were strong enough to withstand international competition that these nations then lowered their barriers.

The one country that has followed the IMF and World Bank strictures about opening its markets to free trade is the country that has done most spectacularly badly.

Russia's industries, which were weak when Yeltsin came to power, have almost without exception been eliminated by a flood of sophisticated Western goods.

By contrast, Communist China maintains a wide range of regulations and has state intervention and a vast public sector. It has also seen its economy grow more rapidly in the past 20 years than any other country in history.

On current trends it should become the largest economy in the world within 10 to 20 years. Suggest free trade to a Chinese leader, and he will laugh in your face.

The reasons behind the banana

dispute are simple. Although the US, of course, does not produce any bananas of its own, Carl Lindner, the boss of Chiquita (formerly the United Fruit Corporation), was one of the largest donors to Mr Clinton's re-election campaign.

Now he is calling in his favours. Mr Clinton is prepared to risk a global trade war rather than defend his monopoly backers, even though he knows that if the US gets its way the Caribbean states, who are his target, will be tipped into an almost permanent recession in which drug production may well replace the banana trade.

In a world in which three global corporations control 80 per cent of trade in bananas, three control 83 per cent of cocoa, five control 77 per cent of cereals and 10 control 94 per cent of the market in agro-chemicals, the idea of Adam Smith's invisible hand of the market is a joke. World trade has always been managed, and usually by the biggest and most powerful bullies on the block. They know what they can get out of a special relationship.

THE INDEPENDENT

Beware the educational Luddite



HELENA KENNEDY
From the Orange Prize for Fiction lecture by the Chair of the British Council at the London Festival of Literature

I, like others, believe that one of the values of literature is to do with democracy.

It has a role in the creation of what my Scottish teachers called "the democratic intellect", which is the development of critical faculties. It helps us to understand the power of language. As Graham Martin of the Open University says: "Literature leads people to have more self-confidence, more understanding of moral and other experience."

However, most adults receive no further learning opportunities after completing their initial education; over half our young people come out of school and start adult life in need of compensatory education.

When I was receiving evidence in 1997 for the Learning Works report, I travelled around the country to the real unemployment 'black spots', where whole swaths of the community have been laid waste.

What became clear to me was that the trick is to bring learning to the learners. Adult learners often prefer to learn alongside their peers and women returners blossom in

courses specifically designed for them.

But the learning should not be confined to computer skills and "training" for employment. Likewise, in schools, squeezed curricula leave little room for library browsing or trips out to the theatre. And why should teachers be prepared to do extra-curricular when they are so undermined by the Chief Inspector, an educational Luddite who seems intent on smashing the very machinery which will deliver progress and who treats his role as if he were inspecting taxes rather than the creative process of teaching?

Frequently people explain to me the terror they have of setting foot inside institutions.

Therefore, the invitation has to be very clever if it is to overcome that terror. Our inventiveness should see no limits in creating all kinds of community learning centres. It should be one of our aims that all the large corporations and public-sector employers are equipped with learning resource centres, part of the new University for Industry.

In a Knowsley housing estate in Merseyside, I saw Portakabins in playgrounds being

borrough of Camden the struggle against cuts continues. The local library is the ordinary working-class person's lifeline. The notion that books are now cheap and there are bookshops on every corner and, therefore, libraries have lost their role, is a fallacy. A decent paperback costs over £5, which is a lot of money to the young or the less well-off.

The issues of access to literature and public libraries are inseparable. Local authorities maintain they only close libraries which are underused. Yet it may be that the library is not working hard enough to overcome the large numbers of the least priviledged members of society.

Creative librarians find so many ways to draw people in, holding special events around children or special days like Mother's Day and Valentine's Day and inviting along writers.

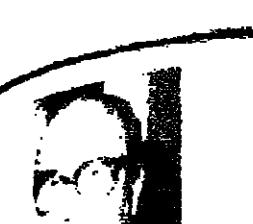
The local library has all the potential of being at the hub of a lifelong learning project - if it is to be more than rhetoric. They should invite popular figures to talk about books they like - I bet you Ginger Spice has a thing or two to say about the ones she has enjoyed.

Many have been arguing that the libraries should be extended to include computer use because there is such a serious risk that in the brave new world of technology we are going to create techno-rich kids and techno-poor. The closing of libraries in the midst of talk about social exclusion suggests that all the claims about joined-up government have a long way to go.

We have wonderful projects taking place. There is the Writers in Prison scheme. There are now 100 literature development workers around the country; there are writers in residence and there are writers in schools.

I do have a sense of alarm about huge publishing conglomerates controlling everything, an unease about the relegating of the book to a commodity in an increasingly bland airport market; but when I return to the earth I have no doubts that literature will survive. People will always feel the desire to write with truth and imagination, and others the desire to read their creations. The challenge is to widen the net of readership.

We



ROY JENKINS

THE WEDNESDAY REVIEW

The Independent 24 March 1999

We need a cull in Europe



ROY JENKINS
The new President must have more say over who his colleagues are and authority to reshuffle

BERLIN IS today for the first time the seat of a European council. It is the city's most important international conference since 1978. It has an unusually heavy agenda, and its handling will be a great test of the leadership of Gerhard Schröder. But its first task is to produce a convincing nomination for the presidency of the European Commission, to be put to the European Parliament.

This is crucial importance. It was the Parliament which brought down the Santer Commission. By doing so it showed that it was not just a tiger with paper claws. And that, unfortunate though the circumstances were out of which the crunch arose, was an advance for democracy in Europe, a reduction of the so-called "democratic deficit".

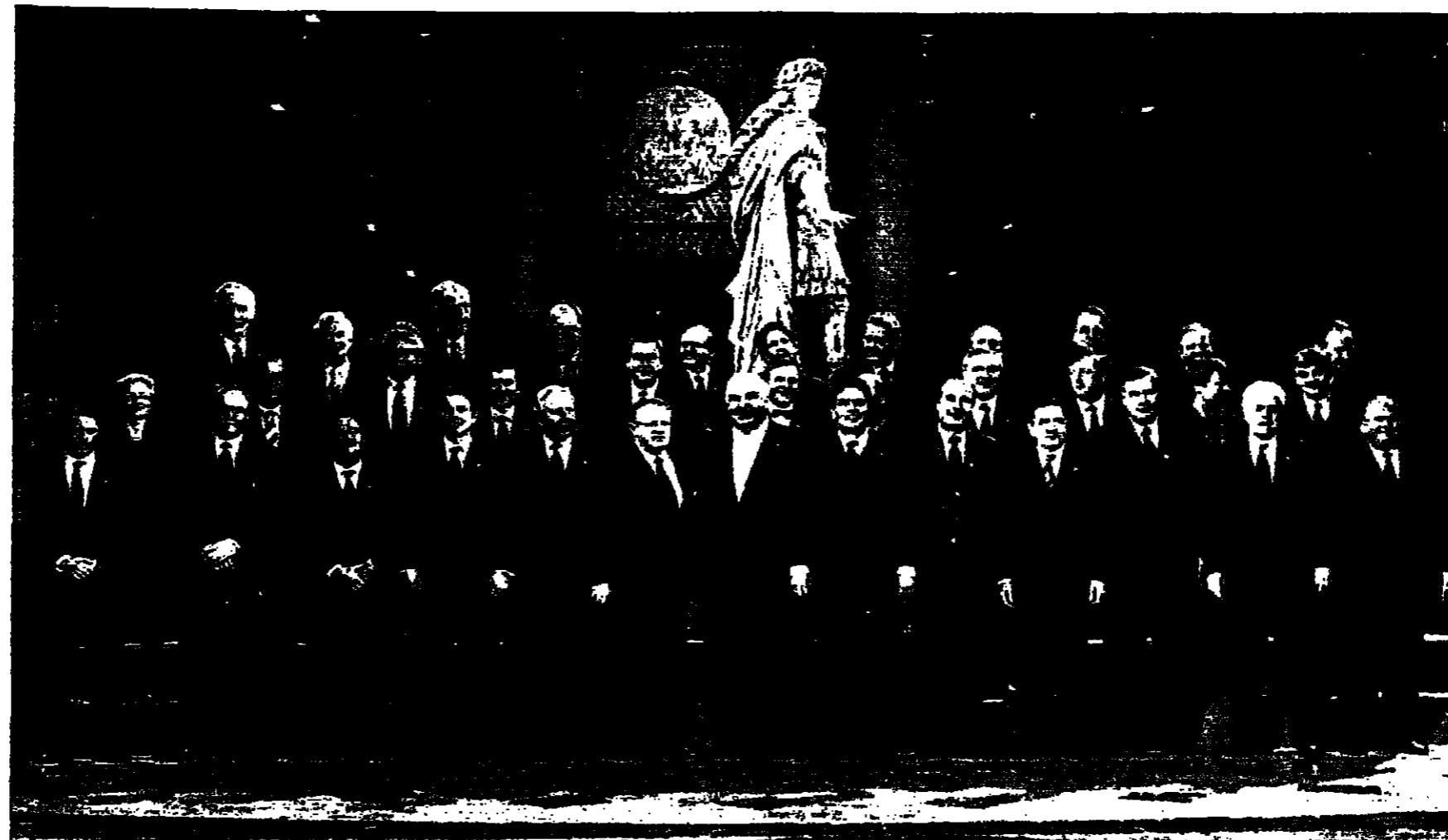
But it is essential that the president should command the parliamentary confidence which the old one had lost. Parliaments do not nominate executives. No large body can produce a name by a process of spontaneous combustion. The House of Commons needs to have a name or names put before it even when it is performing so domestic a function as electing a Speaker. But, particularly in present circumstances, a Parliament worthy of the name must have the right freely to accept or reject.

A few voices have been raised in Britain – not, I think, anywhere else – suggesting that the present crisis should be used to get rid of the whole idea of a Commission, or at least so drastically to reduce its function as to turn it into nothing more than a subordinate secretariat to the Council of Ministers.

This is nonsense, but it is motivated nonsense, inspired by those who wish not to democratise the institutions of Europe, but to destroy them. If a national government is judged to have failed and is forced into resignation, you do not decide to do without a government altogether.

A more difficult issue is whether, following the harsh report of the "wise men", the whole previous Commission should be regarded as ineligible for reappointment.

On the one hand it is essential that the "resignation" does not come to seem just a farcical going out of one door and back in through another. On the other hand, a clean



The European heads of government at the recent EU summit in Vienna

states are only too liable to squabble over their individual national interests. They have ambassadors in Brussels to do that. But commissioners, even though obviously coming from member states and being nominated by them, have a wider duty and indeed take an oath to act only in the wider interest. They do not always discharge it, but a lot do, and they tend to be the ones who carry the greatest influence.

Second, the small states, of whom there are 10 in the Union, with another half-dozen in the queue for entry, see the Commission as an essential protector of their interests. They have a natural fear of too much being settled over their heads by the big five (or the big two of France and Germany, as has often recently been the case). They would resolutely resist any attempt to reduce the Commission to a purely subordinate and non-political role. And in a community of big and small states with great disparities of power, it is essential that the small be respected.

A more difficult issue is whether, following the harsh report of the "wise men", the whole previous Commission should be regarded as ineligible for reappointment.

On the one hand it is essential that the "resignation" does not come to seem just a farcical going out of one door and back in through another. On the other hand, a clean

forced out, then it goes wholesale. The analogy is not wholly valid, for the Commission does not and cannot operate like a one-party government. Furthermore, if we look for a practical example of when in this century a change of government in Britain produced the greatest and most necessary resurgence of confidence, it would be very difficult not to choose May 1940, when the Churchill grand coalition replaced the Chamberlain administration. Yet the cull that was carried out then was far more selective than anything that is likely to take place in Brussels.

The current state of flux should also be used at least to set in train a number of other desirable changes. The Commission is too large – not its staff, which is surprisingly small (fewer than Wandsworth Borough Council, but the number of commissioners themselves. In my day there were 13, including the President. That was two too many, in the sense that there were only 11 real jobs, and the remainder had to be mocked up. There are now 20 commissioners. That is nine too many. With enlargement, unless the system is reformed, there will be nearly 30. That will reduce quality and will mean the end of collegiality.

Grasping this nettle means that big countries must be prepared to

give up their second commissioner and that smaller countries must take turns.

The new President must also be given more say over who his colleagues are to be (there is already some genuine consultation, with some countries being more forthcoming than others) and authority to enforce reshuffles when he thinks they are necessary. Without this he is very much in the position of a man with more responsibility than power.

The last thing the Commission needs is a weak President. Jacques Santer is an amiable man, and he has done some things well, notably presiding over the introduction of the single currency, but it cannot be said that he has been a strong President, or that he has avoided complacency. However, he was not put in to be strong, rather the reverse. And let it not be forgotten that he was the single-handed choice of the British prime minister of the time, John Major. Without his ill-starred veto, which he appears to have thought would impress the Tory Eurosceptics, the Belgian Jean Delahe, a much tougher figure, would have been appointed. Let the lesson be learnt.

Jacques Delors, by contrast, was a very strong president who gave the Commission a brilliant profile and was particularly good at working with the key governments of

France and Germany. Internally he was imperious, got rid of too many directors-general who did not agree with him, and may in consequence have left the staff of the Commission less good than he found it. In my day I thought it was on the whole good and hard-working, comparable with, although not the same as, the British civil service, which I admired. The maintenance, maybe the restoration, of quality in directors-general needs attention.

The Commission has had a great jolt. Probably it was necessary. But it should not be forgotten how successful has been the Europe of which it has been the motor. The Europe of the Community has been an area of great prosperity, and we in Britain, because we have had a few relatively good years, should not forget that in France and Germany and in several other countries too, both productivity and income per head are still substantially higher than they are here. Western Europe has also been an area of stable peace, instead of the war plague-spot of the world. No country has ever wanted to leave the Eurosceptics, if they have their way, will blaze a unique trail and too many want to join. These are major achievements to be set against current upheavals.

Lord Jenkins was President of the European Commission from 1977 to 1981

RIGHT OF REPLY



The organiser of the Beard Liberation Front responds to yesterday's attack on facial hair by Terence Blacker

I HAVE to say that I have, perhaps surprisingly, some sympathy with Terence Blacker's mean against beards. "Sorry, I just don't like beards".

It was indeed the case, in George Orwell's day, and remains so now, that a beard may be a sign of sandals-wearing and vegetarianism, that is to say, of a certain tiresome eccentricity. There has long been the assumption that beards are somehow linked with left-wing subversion, which holds less sway nowadays, given how many beards there are around Mr Blair's cabinet table.

But that is as far as I can go with Mr Blacker. The hidden agenda of his attack on beards is, of course, an attack on political correctness.

Mr Blacker senses that discrimination against people with beards is not quite in the same league as racism, homophobia or sexism. He is right. Ultimately you can always shave the thing off. The problem is what beardsymbole.

Those employers who ban their male workers from having beards – a growing number, incidentally – are also the same employers who demand that their female workers wear skirts not trousers, and who rigorously discriminate when it comes to annual appraisal time against anyone who does not conform to the stereotype of a young, single white man in a suit.

In a society that should be diverse and inclusive, how you look and how you dress, rather than what you do and how well you do it, is increasingly used by those in authority as a way of defining the enemy within.

Terence Blacker can be a beardist if he wants, but he must recognise that real discrimination exists out there, and that it sticks. Discrimination against beards really does matter.

Trials of the turbaned warriors

WEDNESDAY BOOKS



THE SIKHS
BY PATWANT SINGH, JOHN MURRAY, £25
THE ARTS OF THE SIKH KINGDOMS
EDITED BY SUSAN STRONGE, V&A PUBLICATIONS, £35



BOTH OF these books, and the Victoria & Albert Museum exhibition which opens tomorrow, commemorate the 300th anniversary of one of the defining moments in Sikh history – the creation of the Khalsa, or the Order of the Pure, by Guru Gobind Singh in 1699. As a result, a religious movement first began in the late 15th century to provide a more humane and liberal environment for its followers took a military turn. Sikh males, bearded and turbaned, assumed the surname Singh – or lion – and became among the greatest warriors not merely of the subcontinent, but of the world. Sikh females assumed the surname Kaur – or princess – and were, at least in theory, guaranteed equality with their menfolk.

Sikhism represented an attempt to ameliorate the cruel and chronic ef-

fects of caste and privilege in India. In its purest form, it advocated democratic decision-making, individualism and the rejection of feudalism and tyranny. So it provoked disapproval and, at the worst, persecution at the hands of those who dominated the social and political structure. As an embattled minority in a country where the overwhelming majority remained Hindu and where Muslims, through their many conflicts with those whom they saw as their enemies or who hated them in turn.

Mere within the last 90 years, Sikhs have suffered and died in their hundreds of thousands – as targets of the brutal Brigadier General Dyer during the 1919 Amritsar massacre, as some of the main victims of the horrifying massacres that accompanied Partition in 1947, and as co-religionists of the bodyguards who assassinated Indira Gandhi in 1984. As a result of the vengeance of mobs after this last event, it has been estimated that nearly 4,000 Sikhs were killed or burnt to death in Delhi alone.

Small wonder that the Sikhs, traditionally vulnerable to the hatred of both Hindus and Muslims, became increasingly associated with their British overlords after their defeat by the East India Company's forces and the annexation of the Punjab in 1849. During the great sepoy rebellion or Mutiny of 1857, Sikhs played a notable part in crushing the revolt. Their zeal owed at least something to their instinctive opposition to the mutineers' rash decision to invite the elderly and reluctant Mogul emperor, Bahadur Shah II, nominally to lead the uprising after the fall of Delhi.

As the power of the British Raj increased to subcontinental hegemony, the role of the Sikhs became more significant, especially in the army. Seeing them as the most loyal of the "martial races", the British used them as the Viceroy's bodyguards. This tradition, inherited by India's post-partition prime ministers, was to lead directly to Mrs Gandhi's death.

Yet despite their extraordinary contribution to the British military presence in India, and despite the fact that from 1914 they were awarded roughly half of the Victoria Crosses won by men in the Indian Army, the Sikhs never surrendered their integrity. They played a heroic part in nationalist agitation against British rule, and went to prison and even to execution in far larger numbers proportionately than other groups. They were also heavily recruited into Bose's ill-fated Indian National Army of liberation during the Second World War. At the end of the century, they remain a proud and independent people, several millions of whom live overseas, principally in Britain, the US and Canada.

Patwant Singh has also contributed a chapter to the beautifully produced V & A publication, *The Arts of the Sikh Kingdoms*. The book is a visual delight. Its editor, Susan Stronge, has written the chapter on arts at the court of one of the greatest of Sikh rulers, the maharajah Ranjit Singh. The illustrations in this chapter alone are enough to send the reader scurrying to South Kensington. Among the works shown are the Koh-i-nur diamond in its original setting, the golden throne of Ran-

jit Singh, a blue wooden Mogul casket inlaid with ivory and tortoiseshell, some exquisite early 17th-century glazed floral tiles from Lahore monuments, an elaborately decorated nine-pounder howitzer of the type used so effectively against the British during the Sikh Wars, a gold overlaid steel casket, and some lovely fragments of Kashmiri and Punjabi carpets with rich, plum-coloured backgrounds. In other chapters, fine Sikh paintings demonstrate the cultural depth and subtlety of a people who were able to combine extraordinary courage and military expertise with profound humanity and great artistic sensibility.

DENIS JUDD

The reviewer's book 'Empire: The British Imperial Experience from 1765 to the Present' is published by Fontana

Kosovo Emergency

Fleeing the recent intensification of the conflict, thousands more civilians, including children and the elderly, have been driven from their homes. In total, more than 130,000 civilians have been displaced by the conflict while thousands more have taken refuge in neighbouring countries.

Some have no option other than hiding in the mountains and woods, sleeping without shelter in the open air. It was still snowing in Central Kosovo last week.....

It is a daily struggle for families to feed and protect themselves.

Working in Kosovo since 1998, Action Against Hunger UK is bringing emergency relief to the most vulnerable. Contingency preparations are underway to bring food to infants and young children.

The people of Kosovo urgently need your help.

You can make a credit card donation over the phone or complete the coupon

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Or please debit my VISA/Mastercard/Delta/CAF

Expiry date _____ Today's date _____

Signature _____ Name _____ Please tick if you would like a receipt _____

Address _____

Please send coupon to Action Against Hunger UK, 1 Caxton Street, London WC1R 4AB

Registered charity no. 1047801



WEDNESDAY POEM

CASTLE TIORAM, LOCH MOIDART
BY GEORGE BRUCE

The tide comes in and empties the castle of all but its bloody memories. The tourists are gone, the last busting to the shore before the tide cut-off, leaving their litter. Paper bags spin up draughty holes and out, whisked out to sea. Lords of the Isles lived here, thinking to themselves – forever. Gone. What human kind were they anyway? Pride, courage, cruelty in them, no doubt. Evening – the loch stills. In its shimmer, Tioram trembles. From the dark cube laughter, echoes of children, the new invaders – Andrew, Ken, Karen, Jennifer, Ben – a play pen for them. Night. Straths – the sea birds have it for themselves.

From George Bruce's 'Pursuit: poems 1986-1998', published at £5.95 by Scottish Cultural Press

The last Sikh ruler of the Punjab, Maharajah Dalip Singh, painted by FX Winterhalter, 1854

Harry Callahan

IN 1951, Harry Callahan showed his photographs in a one-man exhibition at the Art Institute of Chicago. At 38, he was head of photography at the institute, and was just beginning his lengthy career as an art photographer and teacher, a career which would change the face of American photography. Alongside Minor White and Aaron Siskind, he established a *gravitas* around photography which secured it as an art form in the United States.

Unlike the British photographers who struggled in the post-war years to elevate photography from its lowly position in the museum world, Callahan and his photographic colleagues had no ideological or institutional battles to fight. The photography department at the prestigious Museum of Modern Art (MoMA) in New York had been established in the late 1930s, and under successive curators had proved to be a vital outlet for the new photography. Callahan's first exhibition at MoMA was staged in 1960, positioning him as one of the foremost photographic innovators in the US, and assuring him of a large and influential audience for his work.

But Callahan, like so many of his contemporaries in photography, did not emerge from America's élite. Born in Detroit in 1912 into a farming family, Callahan studied engineering at Michigan State University but soon became discontented with his subject. He took an administrative job at Chrysler Motors in Detroit, but his burgeoning interest in photography increased, and in 1941, he signed for a workshop with the master landscape photographer Ansel Adams.

For Callahan, this was the turning point. Ansel Adams used photography not to record or to document, but to express an intense spirituality, a deep communion with the natural world. For the 29-year-old clerk from Chrysler, Adams's workshop was a revelation. Abandoning his Rolleiflex camera, Callahan began to use a large format view camera, which by its depth of detail and definition, took photography back to its early-19th-century roots and demanded precision, concentration and a pre-formed idea of what the photograph would be.

'Photography is an adventure just as life is an adventure. A photographer must understand his relationship to life'

be read as a portrait of a marriage, two young people meeting each other's gaze through the camera's lens, exulting in the eroticism of their partnership.

By the mid-Fifties, Callahan's reputation as a photographer and teacher was assured. In 1957, he showed with Aaron Siskind at the Centre Culturel Américain in Paris, and it was this joint exhibition which exposed his work to British audiences, as the show toured to Algiers and London. Another major Fifties show was a group exhibition with Minor White and Walter Rosenblum, held at the Museum of Art at Cornell University, but not until 1962 did Callahan achieve real recognition in the world of American photography, with a 1962 exhibition with the pioneering documentarian Robert Frank at the Museum of Modern Art in New York.

The 1960s were heady days in American photography. New on the scene were iconoclasts like Diane Arbus and Gary Winogrand, whose incisive photographs of Americans at home showed a society dysfunctional and in distress. Callahan's view of modern life was altogether more gentle and confident, as he continued to portray the idyll of his relationship with Eleanor: "Photography is an adventure just as life is an adventure," Callahan once remarked. "If man wishes to express himself photographically, he must understand, surely to a certain extent, his relationship to life." Callahan revered the process of photography and photographic printing, providing a standard for American black-and-white work which continues to this day.

Callahan's photographs were last seen in London in 1985 in a perhaps misnamed exhibition, "American Images", at the Barbican Art Gallery. Reactions to the exhibition ranged from mixed to hostile. The deeply

tuned fine prints of Callahan, Adams, White et al perhaps seemed an anachronism as Britain sped headlong through the Thatcher years. What seemed to be an untenable male and somewhat mystical view of the world was at odds with the drive to democratise photography, to use bright colour and to document the banal and the everyday. Callahan's photography was seen as privileged, academic and overconcerned with craftsmanship.

Over a decade later, it may be time to look again, to take a different reading of this remarkable body of work, to reflect on its resonance and its place in photographic history.

VAL WILLIAMS

Harry Morey Callahan, photographer: born Detroit, Michigan 22 October 1912; married 1936 Eleanor Knapp (one daughter); died Atlanta, Georgia 15 March 1999.

Like many master photographers of his time, Callahan was a devoted

and inspired teacher. From the Institute of Design in Chicago (where he worked with Aaron Siskind) he went on to teach for many years at the Rhode Island School of Design in Providence. He taught his students (including future luminaries such as Linda Connor, Ernennet Gowin and Kenneth Josephson) that the fine print dignified the photographer's vision. A craftsman as much as an artist, Callahan revered the process of photography and photographic printing, providing a standard for American black-and-white work which continues to this day.

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Sir Michael Caine



Caine: benevolent autocrat of the Booker Prize UPPA

IN AN unlikely liaison, the three worlds of Michael Caine were never far apart. Agro-business (a corporate buzzword he hated), the continent of Africa in all its manifestations, and the Booker Prize for Fiction were his life.

Even in retirement from 1993 his tall, gaunt figure, a cigarette rarely far from lips or fingers, was a familiar landmark at the Booker Prize's annual dinner at Guildhall in London. For almost two decades, while at the helm of the prize's progenitor, Booker plc, he had presided over its development into the world's foremost fiction prize. At each year's dinner Caine would rise and make a speech. Some chairmen, with a stammer as bad as Caine's, would have asked a fellow director to deputise. Caine, however, persevered year after year, to the enormous admiration of his audience.

In 1969 founding a literary prize seemed an unlikely venture for a public company that as a colonial business at one time accounted for around 35 per cent of the gross domestic product of what was British Guiana (now Guyana). But in the early 1960s the company, in the process of re-inventing itself as a UK-based conglomerate in

food, engineering and the marketing of rum, took advantage of a loophole in UK tax law also to invest in authors' copyrights, beginning with Ian Fleming (then at the height of his fame as the creator of James Bond) and at one time boasting a portfolio which included Harold Pinter, Dennis Wheatley, John Mortimer, Georgette Heyer and Agatha Christie.

Although after Bedales and Oxford, where he read Modern History

at Lincoln College, and a post-graduate year at George Washington University in the United States, Michael Caine chose a business career at Booker, his heart was an intellectual. A Booker director from 1964, 12 years after he joined, he totally approved of the notion that had been put to the Booker board, that Britain deserved a literary prize as prestigious and as influential as the French Prix Goncourt. With Booker making a substantial return from its authors' division, might it not return a little of its profit by way of sponsorship?

If he was disappointed that in its early years the "Booker" failed to take off in public perception, he never lost heart. Some ugly publicity in 1972 when that year's winner, John Berger, not only accused Booker of exploiting colonial labour in the West Indies, but chose to give half his £5,000 prize money to the Black Panther movement, did not prevent Caine (by now Booker's chief executive) from renewing the company's sponsorship after its initial seven years, even though there were fellow Booker directors who thought the investment was not worth the firm any good.

Caine's faith was soon to be fully

justified. In 1980 the Booker at last made front-page news when it was portrayed as a battle royal between two literary heavyweights on the shortlist, William Golding and Anthony Burgess. After that there was no looking back. Caine watched with pride as the prize finally achieved its original aim of recognising artistic achievement while encouraging wider readership of best literary fiction.

The prize also gained Booker a level of corporate publicity that rapidly became the envy of its rivals, although Caine never encouraged Booker to cash in on the column inches. Some managers would have used such heightened awareness to develop not just the company's businesses, but in particular to market the Booker name. Caine preferred to see sponsorship fulfilling the vision of his first boss, Jock Campbell, that corporations have wider responsibilities than the pursuit alone of profit.

In 1992, with the support of the British Council, Caine gave the Booker imprint to a Russian novel prize. Commercially he could justify this expansion by citing Booker's business interests in the country, but he also confessed a lifelong

admiration for Dostoevsky, Pushkin and Gogol. One felt that he hoped that a Russian Booker might find a late-20th-century equivalent.

On his retirement Caine only handed over the chairmanship of the prize management committee with some reluctance. It was a field on which he had ruled as a benevolent autocrat. At each meeting he would listen to the views of committee members on how the prize should be conducted, but invariably his own judgements prevailed. And with the standing of the Booker Prize as high today as it has ever been, who's to deny that more often than not he got it right?

ION TREWIN

Michael Harris Caine, businessman: born Hong Kong 17 June 1927; director, Booker Bros, McConnell & Co (later Booker plc) 1964-93, vice-chairman 1973-79, chief executive 1975-84, chairman 1979-83, Kt 1988; President, Royal African Society 1996-99; married 1952 Janice Mercer (one son, one daughter; marriage dissolved 1987); 1987 Emma Nicholson (created 1997 Baroness Nicholson of Winterbourne); died London 20 March 1999.

Michael St Clair



St Clair: gentleman dealer

AN IMPROBABLY, peculiarly small number of art dealers have also worked as practising artists, yet Michael St Clair was remarkable in more ways than just this. He had seriously pursued painting for some 25 years before becoming a dealer but he was also a highly decorated war hero and single-handed saviour of several 20th-century American artistic careers.

He was perhaps best known for reviving and restoring the reputation of Marsden Hartley, turning the painter from an obscure regional figure into a household name, but St Clair's gentlemanly discretion ensured that many other of his achievements went unheralded. Indeed, his companion of more than 50 years, Paul M. Jones, only discovered that St Clair had won the Silver Star and three Bronze Stars for bravery during battle in

Italy in 1943 whilst reading his friend's obituary.

St Clair was a man of few words, perfect formal tailoring and exquisite manners, whose knowledge of the history of this century's American art was outstanding. It was a history he helped to shape. Born in 1913, he grew up in the oilfields of Pennsylvania and Oklahoma and started painting at 18, enrolling in 1934 for classes with Thomas Hart Benton at the Kansas City Art Institute. Another of Benton's pupils was Jackson Pollock, whom St Clair knew, though St Clair was precisely as patrician as Pollock was Bohemian.

St Clair then moved to Manhattan and studied with George Gross at the Art Students' League, followed by the Colorado Springs Art Centre. He was involved in the WPA (Works Project Administration) in Okla-

homa City where he had his only solo show in 1942. Enlisting with the 320th Fighter Squadron, he saw active service in Europe and northern Africa but returned to New York to continue his career as a painter.

This lasted until 1959 when he came to the Babcock Gallery, which since 1952 has dealt exclusively in American art in New York in 1978, the first major museum show for Hartley in 30 years. As John Driscoll, who bought the Babcock Gallery in 1988, puts it, "Nobody in this century did more to keep Hartley's name in front of the public, and that alone is a major accomplishment. Hartley was fortunate to have someone like Michael come along."

As well as Hartley, St Clair also built a following for such relatively neglected painters as Childe Hassam, Ambrose Webster, George Innes and Alfred Maurer, who was known as "the first modern American artist" and whose bizarre warfare with his father, a traditionalist artist, ended with his father's death at the age of 100 and Maurer's subsequent suicide when he realised he could not live without so bitter an enemy. St Clair was also an acknowledged expert on the ever-

also showed contemporary artists, especially if their names began with "B", such as Bessie Boris, Ben Ben and Byron Burford, who represented America at the Venice Biennale in 1968. He also exhibited the work of the eccentric railroad heir Jerome Hill and the constructivist modernist Stephen Edlich. When he sold the gallery, St Clair remained very much part of its operations and aesthetic, as its active *éminence grise*. Last year he established the Babcock Galleries Endowed Fund for Art History at Pennsylvania State University.

As a salesman St Clair managed to be elegantly taciturn and as rigorous as any academic, refusing to lower or debate his stated price, like an old-fashioned gentleman dealer. Equally quaint, most of what he sold also belonged to him personally. Works he would take home to live

with, although he did not collect. Greta Garbo used to come into the gallery to enjoy his erudite explanations, and he was mortified when one day she suddenly fell to her knees to examine paintings he had propped against the wall, before he had had time to stop her.

As St Clair was expert at tracking down the scattered works of neglected artists, perhaps the only remaining question is where his own oeuvre, a quarter of a century's worth of paintings, might be found today. In his gracious apartment on East 74th Street, only one very small landscape signed Michael St Clair was to be seen.

ADRIAN DANNATT

Michael St Clair, art dealer and artist: born Bradford, Pennsylvania 28 May 1912; died New York 22 February 1999.

Milosz Magin

DEATH SOMETIMES has an awful sense of timing: the heart attack that felled the Polish-French composer and pianist Milosz Magin, who was visiting Tahiti to give a recital, did so only the week before the seventh Milosz Magin International Piano Competition, a biennial event he founded in 1985.

That impulse was typical of Magin: he thought that the rash of piano competitions spreading over the face of music was generating an unhealthy obsession with technique, and he simply founded his own event, with the contrasting aim of emphasising musicality - technique mattered, of course, and Magin's own technique was breathtaking, but it was second in importance to a natural sympathy with the music. And musicality was as manifest in his own playing as it is in the healthy corpus of music he has left behind.

Magin was born in Lodz in Poland in 1929. At the Warsaw Conservatory he studied piano, under Margerita Trombini-Kasuro and took composition lessons from Jan Makiakiewicz and Kazimierz Sikorski, teacher of many of the leaders of the next generation of Polish composers - Grazyna Bacewicz, Andrzej Panufnik and Kazimierz Serocki.

Magin graduated in 1957, with prizes

in both piano and composition. Not surprisingly, the piano features prominently in his catalogue: there are five works for piano and orchestra, including three concertos, and a healthy number of solo piano pieces, not least four substantial sonatas (No 4 written only last year) and a number of suites: the Polish Triptych of 1967 - three dance movements, the last of which is a ferociously exciting "Oberek" - ought to be a part of the standard repertoire.

There are four other concertos, two for violin and one each for clarinet and cello, and further orchestral works include a Polish Rhapsody (1963), a ballet, *Ecossaise* (1964), two symphonies, both scored for strings only (1969 and 1988), and an Adagio, again for strings and timpani.

Very little of this output is available on CD. There are two Polish Nagrania discs, one recorded by Isabelle Oehmichen and the other by Magin himself, and the French

label Marca plans to record Oehmichen in the Second Concerto and Third Sonata.

Almost all of Magin's music underlines the importance to him of his Polish heritage. Exiled in Paris, Magin missed his home country no less than did Chopin in exactly the same position 150 years earlier, and the memory animates the music of both men. It is fitting, then, that Magin will be buried next to Chopin's tomb in Père Lachaise. Magin should have been one of the big international virtuosos; with luck, his music will carry his name around the world for him.

MARTIN ANDERSON

Milosz Magin, composer and pianist: born Lodz, Poland 6 July 1929; married 1952 Ida Skomocza (two daughters); died Bora-Bora, Tahiti 4 March 1999.

Ca

Luis

DINER

You ask the questions

(Such as: drugs tsar Keith Hellawell, what would you do if you discovered your children were smoking dope?)

Keith Hellawell, 56, started his working life as a coal miner before joining Huddersfield Borough Police. During his 36-year career in the police service he was awarded the Queen's Police Medal for Distinguished Service in 1990, rising through the ranks to become Chief Constable of West Yorkshire Police in 1993. In January 1998 he took up his current position as UK Anti-drugs Co-ordinator charged with co-ordinating an anti-drugs strategy across 110 government drug-action teams.

Do you believe that prostitution is linked to drugs?
Unfortunately, yes, many young women are prostituting themselves to feed their drug habit, some from their very early teens. Street agencies estimate that more than half of the "working women" have a serious drug misuse problem and that their work and drug misuse are inextricably linked. I have spoken out against describing the most vulnerable as prostitutes, as I regard them as victims and not offenders.

If you believe that locking drug dealers up is not a solution, how do you propose to punish them?

I do believe that drug dealers ought to be locked up, many of them for a considerable period of time. However, many people are dealing drugs to feed their own drug habit, and I consider that where their criminality is caused by addiction they must be treated as well if we are to reduce long-term criminality. Treatment and enforcement, not treatment or enforcement is where I stand.

Do you have children? What would you do if you discovered they were taking drugs?

Three children, six grandchildren. Fortunately none have been involved, partly because we have discussed the issue with them from a very young age. If they had, however, I would have discussed the subject with them as passionately as I could, and were they addicted, seek help from our GP or a specialist drug service such as the National Drugs Helpline (0800 776600).

Do you despise drug users and dealers? If not, what do you feel towards them?
I have a repugnance for dealers who are happy to benefit from the misery of others. Many are extremely cruel people who subject their clients to violence. Addicts often sell drugs themselves in order to pay for their habits and avoid violence at the hands of their suppliers. There are many categories of users. There are those with



Do you find that your former colleagues are supportive of your current role, or are they jealous?

They are supportive. Many encouraged me to apply for this job as I had represented their views on drugs for a number of years. However, the police service is a competitive profession and I suspect it will not be immune from jealousies, which will undoubtedly include me.

What do you think of Amsterdam's answer to their drug problem?

It's not really an answer. They describe the Drug Cafés as an experiment, one with which they are having problems. Over-the-counter take-away purchasers of small quantities of cannabis, particularly for use in other countries, has led the Dutch government to harden its policy. Their policy of tolerating possession for personal use is also being severely stretched by the café owners who hold large amounts. Their suppliers, who are major dealers, use Holland as a base for their international activity with some impunity.

The government believes it is giving out the wrong message to young people about Ecstasy (ie that it is safe and it is not a criminal offence to take the drug). In future, information about the damaging effects of the drug will be handed out if and when pills are tested. Their treatment programmes for heroin users are having a very positive effect in reducing the number of addicts.

Questions submitted by:
Elizabeth Goddard, Norwich
Steve Menary, Kent, London
Sean Linehan, Highbury, London
Colin Muir, Ipswich
Naomi Wilkes, Reigate
Francesca Latham, Northallerton, North Yorkshire

NEXT WEEK

TREVOR McDONALD,
FOLLOWED BY GRIFF
RHYS JONES



SEND questions for Britain's favourite newscaster Trevor McDonald, and for the actor and comedian Griff Rhys Jones. To: You Ask the Questions, Features, The Independent, 1 Canada Square, London E14 5DL. (fax 0171-233 2162, or e-mail yourquestions@independent.co.uk), by 12 noon on Friday 26 March.

We may not have a nation but at least we have a TV station

Thirty-five million Kurds may not have a country, but they do have a television station. Except that the ITC is closing it down after pressure from Turkey. By Philipp Blom

AT FIRST glance, Hikmet Tabak looks like any other London media executive. Dressed in a dark suit with blue shirt and designer tie, his mobile phone never far from his hand, the 38-year-old director of the Kurdish station MedTV is the very image of the elegant urbanite. "Before we began broadcasting," he says "only smugglers brought news from one Kurdish community to the next. The Kurds were told that they didn't exist. Now they can hear their own language, listen to their own music."

On Sunday, Mr Tabak and his colleagues at the station celebrated the Kurdish new year. MedTV had managed to survive another year despite Turkish opposition, creating a virtual Kurdish nation for its 16 million viewers throughout Europe, the Middle East and North Africa.

But on Monday, Turkish television reported that the channel was due to be closed at 4pm. The Independent Television Commission (ITC) had decided to suspend the station's broadcasting licence for 21 days for breaches of impartiality and incitement to violence following coverage of the capture of Abdullah Ocalan, the leader of the Kurdish Workers' Party (PKK).

A few days earlier, I had visited the cultural capital of Kurdistan: Denderleew, 20 miles from Brussels. Here, on an industrial estate, are the studios of MedTV, broadcasting via satellite 18 hours daily of Kurdish news, features, music, discussion programmes and religious debates. It is the voice



Some 16 million Kurds are thought to tune in to MedTV regularly Magali Delporte

of a country that, according to Turkey, does not even exist.

The station is run on an annual budget of £10m. The wobbly-looking set for the daily phone-in, *Good Morning Kurdistan*, is very much in Middle Eastern taste, with little porcelain figures in display cases, wallpaper simulated by dabs of paint, rattan furniture, and book-spines painted on to wood.

It is a living-room for the thousands who phone in from the Anatolian mountains, Syria, northern Iraq and Europe.

The Kurds are not only one of the oldest cultures; they also, with their 35 million members, make up the largest stateless nation in the world. They trace their roots back to the Medes, an ancient civilisation

which lends MedTV its name.

In Turkey, watching the station amounts to an act of rebellion. Satellite dishes are impounded and shot at by the authorities; viewers are threatened with prison. Despite all

The Kurds are the world's largest stateless nation

this, or because of it, MedTV has an almost religious following. Sixteen million people are said to watch the station regularly. Since MedTV went on air in 1995, Turkey has tried to stop

it from broadcasting. The station is dubbed "PKK TV" and is accused of being funded by organised crime, and of supporting terrorism. Its satellite signal has been jammed from a Turkish source and broadcasting deals have been revoked after pressure from Turkey. That country has also lobbied the British Government and the ITC to close the station, which is administratively based in London.

The ITC objected to the screening of interviews with PKK activists, who call on the Kurds to rise against Turkey and declare a state of war. The rebel movement's beligerent hyperbole sits uneasily with Western standards of journalism, especially as

it from broadcasting. The station did not contrast these calls with other views. In the months leading up to the ITC's decision, the station has been warned and fined for failing to ensure the impartiality of its reporting.

But, says Mr Tabak, "It is almost impossible to present impartial news coverage if Turkish officials refuse invitations to appear on the programmes. Our opponents are working to Middle Eastern rules, but we have to abide by British standards."

For those working at MedTV, journalism is an act of cultural self-assertion which is often bought at a huge price. Everyone has friends and family members who have been threatened or killed.

Mr Tabak, the son of mountain farmers, became involved in demonstrations for Kurdish rights and culture while he was at school. In 1978, while he was arrested as a "troublemaker" and tortured by the Turkish authorities. He was released 11 years later. The only conviction he received was a three-year sentence for saying in court that he was Kurdish.

When I visited the studios of MedTV, images of corpses and women in shock and mourning were flickering across multiple screens, accompanied by elegiac music.

"Today is the anniversary of a terrible day," explained one of the journalists working there.

"On 16 March 1988, 5,000 Kurds were gassed by Saddam Hussein in south Kurdistan.

We have lost so much. But we

do have MedTV. We can at least speak our language here."

THE IRRITATIONS OF MODERN LIFE

34. PEDESTRIANS BY STEVE JELBERT

MANY YEARS ago, long before *Crimewatch UK* warned viewers to be afraid of strangers seeking lifts, a sign stood beside the southbound M5 lane at Taunton which delighted generations of hitchhikers aiming for the legendary flesh-pots of the South-west (and Newquay).

A simple white-on-red rectangle reading "Pedestrians - Look Right!" had been amended over the years with the phrases "Feel Right" and "Outasight!"

Dead right, because pedestrians need a bit of levelling up. Are these people, presumably capable of using cutlery without wounding themselves, that find the task of, well, walking, beyond them?

Anyone who has ever had to hurry through a busy British high street - possibly to collect a vital legal document, or perhaps a human organ for transplant purposes - will be reminded of that cheap Brownian Motion experiment taught in school science lessons, where the random movement of particles is

confront the ped problem. The Capital's Jubilee Line extension incorporates platform screens to prevent stupefied walkers

wandering on to the tracks with their shopping. That well-known curmudgeon, Chelsea FC's owner Ken Bates, was on to something when he proposed

electric fences to restrain football fans back in the Eighties.

This is an international problem. Genius prankster Joey Skaggs created an organisation of "vigilante sidewalk etiquette" enforcers called WALK RIGHT! in New York in 1984. Their 66-point



Could you walk a little faster...? TB

programme included regulations such as "Obese people must walk in single file"; "All joggers must wear underwear"; and "No stopping while walking except when in the shopping lane". Predictably the media, including CNN, fell for it, yet the natives canvassed happily signed a petition in support.

Even the very word has negative connotations. Think of pedestrian books, or movies, records, websites even. A "pedestrian protest" hardly evokes images of happy ramblers seeking roaming rights. No, it brings to mind cileless, shuffling humanity, all creeping along half-heartedly in the same general direction.

A muddy Glastonbury Festival, in fact.

Oddly, international guidebooks generally suggest that striding purposefully will enable the streetwise visitor to pass for a local anywhere. Until clothing featuring indicators is perfected, perhaps our only hope is to be surrounded by sightseers trying to fit in.

Of course, if you need to ask for directions you'll be stuck, but that's another irritation entirely.

do if you
)

Do you find that your former colleagues are supportive of your current role? They are supportive. Many encourage their views on dress for a number of reasons. However, the police service is a competitive profession and I suspect it will be immune from jealousies, which will undoubtedly include me.

What do you think of Amsterdam's answer to their drug problem? It's not really an answer. They describe Drug Café as an experiment, one which they are having problems. Over the counter, take-away purchases of quantities of cannabis, particularly in other countries, has led the government to ban it. They are also being severely stretched by dealers, who are major dealers, use them as a base for their international activity.

The government believes it is giving the wrong message to young people. Early in the year it is safe and a legal offence to take the drug. In this formation about the damaging effects of drug will be handed out if and when they are tested. Their treatment programme for heroin users are having a very effective in reducing the number of users.

Questions submitted by Elizabeth Gossard, Norwich; Steve McShane, Kent; Linda Steven, London; Hayley Ladds, Croydon; Ian Gandy, Northern Ireland; and Francesca Galloway, North Yorkshire.

NEXT WEEK

DEILOU MC DONALD
FOLLOWED BY GILL
REED JONES



Uma Thurman, rumoured to be wearing several other designers, finally emerged in Chanel couture



Emily Watson's chic, headed grey number was a bit too similar to Meryl Streep's for comfort...



Judi Dench in coat and dress by Abu Jani and Sandeep Khosla. She wisely avoided the full-length look



Jennifer Lopez ignored this year's no-black policy. Strapless was the way to go for gorgeousness



Meryl Streep in grey (no longer the new black). The workmanship simply sighs Valentine. Beautiful



Celine Dion in back-to-front Dior couture. Very modern: the tux is a good alternative to the cream puff



Madonna, in Atelier Versace, has another great new look. The tunic and trousers are subtly elegant



Rachel Griffiths outvamped her 'Hilary and Jackie' co-star, Emily Watson, in this clinging pink gown



Minnie Driver could take a leaf out of Madonna's book. Her top takes deconstruction one step too far



Catherine Zeta-Jones opted for jewel colours and cut a dash in this ruby-red Versace couture creation



Cate Blanchett (left) and Gwyneth Paltrow look sublime in black John Galliano and pink Ralph Lauren



Liz Tyler chose dusty lilac over pink (the colour of the Oscar season) and looks less sugary for it

On Oscar night, clothes really can make the woman. (And, in some cases, her career.) By Christa Worthington

'I'm ready for my close-up...'

Sometime in the last decade, Hollywood and fashion discovered that, like Fred Astaire and Ginger Rogers, they could flatter each other on camera. As a result, the red carpet of the televised Academy Awards ceremony has become the world's most watched fashion runway, and the winner is increasingly the best dressed.

In the old days – pre-1990 – you could watch the Oscars for the entertainment value of the fashion disasters – the occasional excesses of soul displayed by those dashy stars who were uninhibited by the international codes of good taste. LA was still a regional outpost as far as fashion was concerned, and the guidance of the studio costume designer had gradually disappeared. Barbra Streisand in the early Seventies could wear transparent Arnold Scaasi lounge pyjamas. Liz Taylor could be teased, squeezed and baulked. Raquel Welch could appear in a royal-blue sequined caftan (1978). And still there was no mistaking that they were stars.

Now, movie stars look more like fashion models, all lined up in pretty, satin-slip dresses or this season's pale-pink ballerina gown. A certain sameness and predictability, however glossy and globally authorised, has set in. Under the heightened scrutiny of more and more cameras, no one can afford to be caught at a – fear that has fuelled the booming career of stylists, costume designers and personal dressers to the stars, many of whom have in recent years become minor celebrities themselves.

"It's elegant and fashionable but not directional," observes Valerie Steele, curator of the museum of the Fashion Institute of Technology in New York, about Oscar-night fashion. "In the last six or seven years, so many actors have been put into the hands of stylists that they have acquired a 'fashionista' appearance. It has to do with a blurring between actresses and fashion models. In the early Nineties, models were hot; by the mid- to late-Nineties, they were losing ground to the actresses who were colonising magazine covers and being styled like models, but with curvier bodies and more idiosyncratic faces."

And it's not just at the Oscars – at the Emmys, the MTV music video awards and the Golden Globes, too, clothes are increasingly becoming the focus of entertainment.

"Actors and actresses in general don't normally have a lot of interest in fashion. Historically they haven't," says Steele. "They just dress for their roles. It's because fashion has become so 'fashionable' that you started to see famous actors in the front row at the Versace and Armani shows. The designers immediately realised that they got free publicity. The actresses got credit for being stylish as well as glamorous; and the designers for being glamorous as well as stylish."

For actors, fashion is serious. In the right "press dress", even a lesser-known can score a globally distributed photograph and make a brilliant career move. Elizabeth Hurley's evening out in Gianni Versace's safety-pin dress is one stellar example of the clothes making the star.

In the Hollywood fashion calendar, there are press junkets to attire, accessories and make up, chat-show appearances and film promotion tours, all of which are co-ordinated by professional stylists. Fashion and Hollywood trends are not always in sync,

however. Stylists have to come up with clothes that perform well on camera, move freely, won't wrinkle in the limousine, and come in textures and colours that flatter the wearer under strong lights. Just as importantly, they have to translate the often confusing extremes of fashion into something readily understandable to middle America.

"Hollywood likes sexy, tight, fitted clothes. There was a time when mode was a popular colour for fashion, but it's not good for TV," says Susan Ashton, whose company, Film Fashion, represents Escada and other labels on the West Coast.

"Then fashion had its gay period, which is not a frequently requested colour in Hollywood. Now people are into jewel tones and muted pastels – camera-friendly colours."

In America, the Awards has become the second

most-watched show after the Superbowl. This time

around, they mimicked that sports event with a new

Sunday time-slot and Oscar equivalents of the pre- and post-game wrap-up.

Philip Bloch, who early on styled numerous stars for the Oscar ceremony, and gave the red-carpet fashion commentary for CNN and ABC, says the fashion mission at the Academy Awards this year was to make actresses "look like every little girl's dream of 'when I grow up I want to be a movie star'".

In designing the dream, stylists can either flop or score. In 1998, the stylist Jessica Paster launched Randolph Duke's career when she put Minnie Driver into the ruby-red jersey dress he had designed for the Halston label, but fellow stylist Arianne Phillips was not universally acclaimed for Madonna's black silk *halter* and dove-grey tulle outfit, a combination of Olivier Theyskens and Jean Paul Gaultier.

"It's become a war of stylists," says the costume designer Barbara Tfank about the competition around the Oscars. Tfank customised the look of

Uma Thurman in her hugely successful lilac Prada-Pulp Fiction dress of 1995, considered a fashion triumph for being unexpected. (Prada was not known for evening clothes) and quietly glamorous. The dress was recently auctioned at Christie's Unforgettable: Fashion of the Oscars sale of dresses to benefit Aids research – it sold for \$9,200.)

This year's most stylish and muse-like nominees – Gwyneth Paltrow and Cate Blanchett – were wowed by several designers at once and, as is customary, they had more than one Oscar-night outfit prepared for them. In 1996, instead of wearing the dress Vera Wang had designed for her Sharon Stone famously showed up in a plain black Gap T-shirt paired with a trumpet skirt by Valentino and a silk Armani coat, which she herself had put together at the last minute – a star's prerogative.

Getting their clothes in front of the Oscar-night cameras may be worth \$1m worth of advertising –

the cost of a 30-second spot on the show – but the designers have paid in other ways, throughout the year, for that privilege.

A West Coast infrastructure of publicists and representatives, planted by European designers, now cultivates actors' and stylists' attention to ensure product placement. Designers spend as much as \$400,000-\$600,000, according to Patrick McCarthy, editorial director of *W* magazine, making Oscar-potential clothes available for viewing and borrowing for the big night. Valentino, Calvin Klein and Escada, among others, customise gowns for stars – now a prerequisite for Awards nominees.

Los Angeles did not become a fashion destination until the late Eighties, when Giorgio Armani stealthily launched a coup on Hollywood. By then, fashion designers born of the ready-to-wear boom in the Seventies had acquired enough financial clout and star status of their own to play Hollywood's game. Leaving nothing to chance as he built up a West Coast retail operation, Armani cultivated the right social contacts by hiring Wanda McDaniel, the wife of a producer on *The Godfather*, as his publicist. She remains the linchpin of his West Coast operation. His *Godfather* connection dates from 1982, when Jay Cox, a childhood friend of Martin Scorsese and Robert De Niro, wrote a *Time* magazine cover story on Armani; subsequently all these people became friends.

More seductive than his personal charms, however, Armani's clothes made actors offer they couldn't refuse: they promised to keep the wearer from looking ridiculous. As a result, he maintained a monopoly on costuming the Oscar presenters for a while – until Versace, Dolce & Gabbana et al gained some ground.

Simultaneous to Armani's beachhead, Alan Carr, then the producer of the Awards ceremony, decided that the show could do with a fashion make-over. Eleven years ago he asked Fred Hayman, retailer of the recently defunct emporium Fred Hayman of Beverly Hills, and creator of Giorgio perfume, to select Oscar-worthy clothes from European and American collections and make them available on loan to presenters and nominees. At the time, says Hayman, "the fashion being worn was boring and demeaning to the Oscars". Hayman is still the official co-ordinator of Oscar fashion, even if he has now become somewhat eclipsed by the star designers and their media machinery, and he continues to stage a large, pre-Oscar fashion show for the press, and to display and lend clothes to presenters and nominees. This year he attempted to ban black in favour of "princess" pastel tones.

The object is to look like a confection that the camera could devour – with tulle underskirts and shoulder wraps, ballerina skirts, beaded tops and delicate colours. The trouble with the new prettiness, say fashion-lovers, is that it doesn't allow for extremes. Rita Watnick, owner of the vintage couture shop *Lilly et Cie*, where stars often shop for the Oscars and other awards events, observes: "Sometimes when you look back, the person you think was not well-dressed may have looked great and been trying something fabulous." Criticised for wearing cycling shorts one year, beneath a black velvet bustier and skirt, Demi Moore was apparently making a statement in fashion-speak, "inspired from the Renaissance and empire period. It was fabulous," Watnick says. Entertainment, yes – but the media just wasn't ready for it.



Minnie Driver, 1998. Stylist Jessica Paster scored with this ruby-red jersey Halston dress



Uma Thurman, 1995. A hit. Prada as evening-wear proved to be perfectly understated



Madonna, 1998, in a Jean Paul Gaultier skirt and an Olivier Theyskens top. A designer clash



Barbra Streisand, back in the 1970s, a girl could get away with transparent pyjamas. Fabulous



Why Irish culture leads by a head

In just a few decades Ireland, once almost a byword for parochialism, has become a world-beating brand name in contemporary music, film, theatre, comedy and literature. How did this happen? By Phil Johnson

On the Saturday before last, more than 250,000 people filled Dublin's city centre for what was billed as Europe's biggest ever fireworks display. The event, which was part of the city's week-long St Patrick's Festival and followed on from a grand unveiling of the Millennium Big Drum (the biggest drum in the world), could be seen as a moment of triumphalism for Irish culture. In Ireland these days, however, triumphalism is hard to avoid, for signs of the country's cultural resurgence are everywhere.

After the fireworks, revellers could go home and watch an RTE broadcast of the chart-topping Irish pop group The Corrs at the Albert Hall, or stop off at one of the dozens of city centre pubs that feature traditional music. In the teeming bars of the Temple Bar district – which locals say is being ruined by the incursions of rowdy English stag-parties – Dublin has even created its own version of New Orleans' French Quarter, where tourists can enjoy a kind of Celtic theme-park experience.

The incredible success of The Corrs – whose second album has sold more than three million copies in the UK alone, and pulled their debut recording into the charts along with it – is just the latest chapter in the remarkable story of Irish popular music's rise to international fame. For two decades now, from U2 to Boyzone, with the Cranberries fitting in between, a small country whose pop traditions once amounted to little more than a baffling weakness for showbands has become a world leader.

Add to this the revival of all things Celtic, including "traditional" music in various forms, the *Riverdance* phenomenon and the continued success of Irish film-making, comedy, literature and theatre, and the swaggering confidence of the St Patrick's Festival can begin to be understood. Even without considering the dubious benefits of the Irish theme-pub craze, where putting a bran-tub in the window and having a couple of workday musicians sing "Brown-Eyed Girl" every other night is suf-



The luck of the Irish: Father Ted and The Corrs



icient to create a mythic version of a County Clare hostelry, there's no denying that all things Irish have become more popular than ever before in the UK and abroad. Despite this success, there are still murmurs of dissatisfaction at home. On the same day as the fireworks show, Dublin's Evening Herald newspaper included a front-page story complaining that the contenders for the Irish entry in this year's Eurovision Song Contest were not up to scratch. There were accusations that RTE was deliberately staging a "pathetic" EuroSong because the station did not want to win yet again.

It's against this background that "From the Heart", the Barbican Centre's second festival of Irish music and culture, takes place. Over the next two weekends there are concerts and events covering music, dance, literature, comedy and film, together with a series of workshops and lectures. Its focus has also widened to include the traditions of Northern Ireland, with Seamus Heaney reading his poetry (accompanied by the uilleann piper Liam O'Flynn), and songs and stories from the legendary folk-revivalist Tommy Makem with Davy Hammond and Arty McGlynn.

For Ted Barrington, Ireland's Ambassador to Great Britain, the reasons behind the rise of Irish music and culture are many and varied. "On the musical front, a complex of things have contributed to international success," he says. "On the one hand, there's a long, vernacular tradition of music in Irish life, and not just

in highbrow life, but in the day to day practice of music at home and in local communities. The influence of Irish traditional music also fed into the culture in the Sixties, along with the examples of American musicians like Bob Dylan, and the indigenous showband scene, which was a rural phenomenon. The cross-fertilisation between all these categories has been hugely important."

Contemporary Irish music also reflects widespread changes in Irish society, where half of the population is now under 30, and almost a third under 25. "The degree of social change taking place, partly through demography, has meant that along with youth culture has come a climate of experimentation and the working-out of ideas about what it means to live in Ireland today," says Barrington. "In the Seventies and Eighties, there was a huge outflow of emigrants, but now more people are returning than leaving, especially from the USA and Canada, and they bring an international pop culture back with them."

For the social historian Reg Hall, however, Irish music isn't what it was. Hall is giving an illustrated lecture at the Barbican on Saturday entitled "Paddy in the Smoke", which will look at the heyday of Irish music in London in the Fifties and Sixties. "The music in the pub scene of London then was a transplantation of rural music from the West of Ireland, and it began after the war as a new phenomenon, for traditional music was never

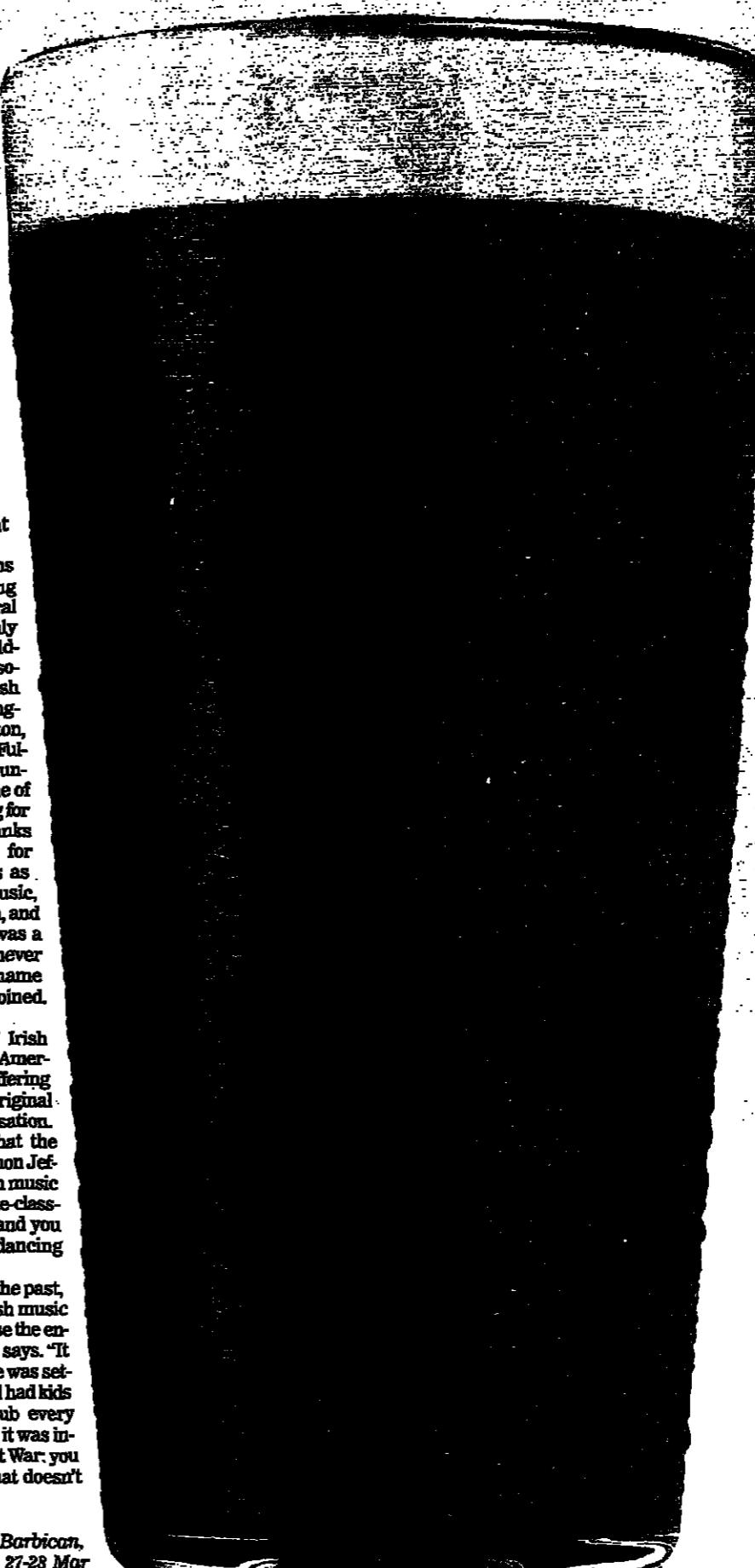
played in Irish pubs at that time," Hall says.

"What you had then was tens of thousands of Irishmen living in London, mostly from the rural West and South. As mainly labourers working on the building sites, they evolved a whole social system in the Irish settlements of Kilburn, Paddington, Kentish Town and Dalston, and also in Hammersmith and Fulham, where they colonised rundown pubs. In those days, none of the Irish professionals working for Aer Lingus or the Irish banks would be seen dead there, for they regarded the musicians as loud. It was instrumental music, with fiddle, flute and accordion, and piano and drums added if it was a dance. There was no guitar, never mind a bouzouki, and the name "bodhran" hadn't even been coined. It was still a tambourine."

Contemporary Irish music is comparable to that of American blues, with both forms suffering a similar dilution of their original power through commercialisation. "The original gutsy music that the Irish played was like Blind Lemon Jefferson or Leadbelly. Now, Irish music has been taken up by the middle-class both at home and abroad and you can even go on Irish set-dancing holidays in Spain."

Hall is not nostalgic about the past, however. "The tradition of Irish music in London has been lost because the environment for it has gone," he says. "It couldn't survive once everyone was settled in houses, got married and had kids and stopped going to the pub every night. As a historian, I realise it was inevitable, and it's like the Great War: you might want to study it, but that doesn't mean you want it back."

From the Heart is at the Barbican, London EC2 (0171-538 8891) 27-28 Mar and 3-5 Apr



Feed me till I want no more

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stained plate, and a cavernous open mouth, uttering but with teeth, form a ghastly prelude by Nigel Robson, the youngsters are childishly practical, perhaps remembering their mother's admonitions from act one.

This dazzling treatment is not without its musical problems. It's as well that the action is self-explanatory, since few words of David Pountney's witty translation reach the dress circle. And though Humperdinck – with his relish for orchestral in-fil and his Wagnerian love of horns and middle-range strings – always challenges vocal projection, the conductor Vladimir Jurowski could do more to ease the problem. In the end a tenor witch is a musical error, since the orchestra covers the register he inhabits.

Nonetheless, this is musi-

cally as well as theatrically an invigorating evening. Kitchen and Drumm – though their names sound like a percussion co-operative – sing with appealing warmth and delicacy, Robert Poulton brings a certain drunken intensity to their father's account of the witch-infested forest, and Mary Lloyd-Davies is a strong mother who one could wish had more to sing.

Mary-Louise Aitken plays the Dew Fairy, a shade modishly as the morning washer-up. The gingerbread human, from the Giant Welsh Comprehensive School, sing sweetly, and Jurowski has the virtues of his excess strength, getting sumptuous orchestral playing and a solid ensemble.

STEPHEN WALSH

Birmingham Hippodrome tomorrow (0121-422 7486) and touring to 15 April. Information from WNO (01222 464566)

Music for six hands

CLASSICAL

THREE PIANO RECITALS
WALLACE COLLECTION /
QUEEN ELIZABETH HALL
LONDON

TWO OF the debut recitals at the Wallace Collection this month have featured French pianists. Jean Efflam Bavouzet on Sunday made a lightweight impression, despite choosing Chopin's B minor Sonata to end. The best thing in it was the way he presented the second subject of the first movement – gracefully and without gush. But throughout the rest, Bavouzet's energy burnt at too low a level to hold one's interest.

Boulez's 12 brief *Notations* – sharply etched miniatures which he wrote in 1945, when he was still in his teens – were much better suited to Bavouzet's character as a player, because he didn't have to delve deep into his soul or sustain a long line.

Alexandre Tharaud was harder to assess last Sunday. He under-estimated the emotional depths beneath the

that plays them, though Tharaud chose the rollicking "Scherzo-valse" to end, so he was pretty sure of a good round of applause.

Not surprisingly, since she's far more experienced than either of the young Frenchmen, Imogen Cooper showed much more complete awareness of the expressive depths, as well as the formal significance, of Schubert's six *Impromptus*. Some pianists would have relaxed into them and projected character more broadly. Yet Tharaud's disciplined view allowed them to be tender and touching and he was quite vigorous, though not very fast, in the penultimate piece.

His programme was nicely planned, not too long, and he ended with four of Chabrier's pieces piazzettes. These elusive but much admired pieces refuse to do what you expect, and it's a self-effacing pianist

journey, and shaped the finale with as much attention to detail and certainty of purpose as any pianist I can recall.

She also showed a vivid feeling for atmosphere and colour in Debussy's *Estampes*, in which the piano dissolves in suggestions of a gamelan, or guitars, or the sound of rain.

And in four pieces from Albeniz's *Iberia*, she relished dissonant crunches and incisive rhythms with infectious enjoyment. What's more, she negotiated the unplayable far-flung textures of "El Corpus en Sevilla" stylishly.

In Debussy's *L'Isle joyeuse* it's always hard to escape the feeling of a success of technical hurdles (Ravel criticised it for sounding like a transcription of an orchestral piece), but if Cooper was a little short of its final sense of abandon, she got pretty close.

ADRIAN JACK

JOSS ACKLAND DOROTHY TUTIN THE GIN GAME by D.L. COBURN



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Wilde at heart

THEATRE

GROSS INDECENCY
GIELGUD THEATRE
LONDON

TO CAST Michael Pennington as Oscar Wilde would, on the grim face of it, seem about as sensible as hiring a cactus to pose as an overripe melon or engaging Stephen Fry to create a definitive Oliver Cromwell. Playing Wilde now at the Gielgud Theatre, Pennington does, indeed, often give the impression that here's a man who would have been happier penning and improving a *Temperance* tract than composing *The Picture of Dorian Gray*.

What is heartening is how little this matters, for the arrangement of the material is so intelligent and compelling, and the Brechtian presentation style adopted is so apt and penetrating, that *Gross Indecency: The Trial of Oscar Wilde* triumphantly rises above the rather empty exhibition of acting still at its centre.

A big hit in New York, this play by Moises Kaufman now arrives in London in a fluent, incisive production by its author. The present tense of this ar-

tantilising capacity to anticipate modern preoccupations.

He is, for example, an ambiguous icon for the modern gay movement in that, at his trial, he flatly denied his homosexual activities. It's typical of *Gross Indecency* that it addresses this issue by including a spoof interview with a trendy academic who floats the interesting notion that ironically, but for this trial, there might not be a modern gay movement since it was the original, for good and bad, of people being defined and defining themselves by their sexuality and it fixed in the public mind a limiting definition of what a homosexual is. It's possible that, with his love of perverse, pointed paradox, Wilde would have thought the phrase "gay liberation" a contradiction in terms. It's the strength of *Gross Indecency* that it aires these nebulous problems of identity at the same time as pinning down the disgusting politics behind Wilde's suffering. The play movingly shows how

he was used as a lightning conductor to deflect attention from a Liberal Government itself rife with what, in their cases, one might call the lust that dared not speak its name.

Superbly played, the immediately line-up of male prostitutes who were paid by the Crown to

give evidence against Wilde (bribes ironically more corrupting than any Oscar pressed on them) also double as juries, narrators, female whores and dignitaries such as George Bernard Shaw and Frank Harris. Occasionally, they remind you of Esther Rantzen's young male co-presenters on the late, unalmond *That's Life*. In fact, all this play lacks is a "funny" phallic vegetable.

PAUL TAYLOR
Booking: 0171-994 5065. A version of this review appeared in later editions of yesterday's paper



Michael Pennington as Oscar Wilde

Geraint Lewis